

JPRS-JAR-84-017

14 November 1984

# Japan Report



FOREIGN BROADCAST INFORMATION SERVICE

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

14 November 1984

## JAPAN REPORT

### CONTENTS

#### POLITICAL AND SOCIOLOGICAL

- Kim Tae-chung Discusses ROK's Destiny, Japan-ROK Relations  
(Kim Tae-chung Interview; SEKAI, Oct 84)..... 1

#### ECONOMIC

- Management, System, Personnel, Faction Connections Discussed  
(ZAIKAI TEMBO, Aug, Sep 84)..... 17

Dissolution of NTT, by Siro Makizono  
Factions' Interest, by Masahide Ando  
New Age Seen, by Ikuo Kojima

POLITICAL AND SOCIOLOGICAL.

KIM TAE-CHUNG DISCUSSES ROK'S DESTINY, JAPAN-ROK RELATIONS

Tokyo SEKAI in Japanese Oct 84 pp 137-152

[Telephone interview with Kim Tae-chung by SEKAI editors on the occasion of Mr Chon Tu-hwan's visit to Japan; date not specified]

[Text] Editor's Note: To the question, "What would the visit to Japan of Mr Chon Tu-hwan, president of the Republic of Korea, bring to Japan-ROK relations and to the situation in the Far East?" this journal regrets to predict that the answer will be extremely pessimistic. The general outline of the reasons for this was clearly described in the discussions printed in our August issue. The foremost reason for opposing the visit to Japan by a neighboring nation's president is that it is bound to further set apart a genuine conciliation between the Japanese people and the Korean people, or more broadly the conciliation between the Japanese and the Koreans. The democratic force in Korea has already repeatedly pointed this out.

While Mr Chon Tu-hwan's scheduled visit to Japan was approaching, this journal conveyed its concerns to Mr Kim Tae-chung, who has been staying in Washington since late 1982, and solicited his views on four major points. Without reiterating, Mr Kim Tae-chung has consistently, since the 1970's, remained a symbol for the hopes of the democratic force in Korea. His words are extremely valuable to those who seek true conciliation and want to review the ideals of the Japanese-Korean relationship. The interview was conducted over the telephone on 20 August and Mr Muneshi Takahashi acted as a translator.

1. The Current Situation in Korea and the Future of the Chon Tu-hwan Regime

Question: The current political situation in Korea is viewed in different ways. How do you assess the current status of the Chon Tu-hwan regime? What about its future?

Answer: The Chon Tu-hwan regime took over power through a process totally contrary to the will of the people. It started by massacring many democratic



citizens and by apprehending and oppressing political leaders. Therefore, from the beginning it has lacked the support of the people. And the people have been infuriated since the beginning by the continuing tyranny of the military rule. Moreover, the people are extremely indignant at injustice and corruption perpetrated by Chon and his party. The support of the Korean people for the Chon regime might be said to be almost nil. This is no exaggeration. Even the foreign press has pointed this out. This spring, the largest struggle since the Chon regime came into power was escalated to a nationwide scale for the first time.

The student struggle clamoring for academic freedom and opposed to the political abuses of the military has spread to about 100 colleges throughout the nation. It reached a peak on the 4th anniversary of the Kwangju uprising. Citizens of Kwangju, numbering 100,000, participated in the antigovernment demonstrations. And throughout the nation, including the Taegu area, the home base of the Chon Tu-hwan regime, Pusan, Seoul and Kwangju taxi drivers waged a struggle for reduced payment to taxi companies. And the resistance of the people to the eviction from slums and their struggle to defend their rights to live have been started everywhere. The workers have tenaciously continued their struggle everywhere. There is a possibility that their struggle will escalate to explosive proportions.

On the other hand, under the three principles of grand unity, nonviolence and nonradicalism our democratic force has waged a well-developed struggle. As a result of this, the Chon regime has been forced to retreat considerably. We have won the release of apprehended students and their return to school, the reinstatement of purged professors to their original schools, and some relaxation in the oppression against the press.

Needless to say, these are not only the results of the struggle, but also they are a result of the Chon regime's designs to improve its image in anticipation of the Olympic games to be held in 1988. And another aspect might be assessed to be the result of President Reagan's visit to Korea.

The Chon regime has persistently continued to divide the democratic camp and to incite the students to become a violent group in order to purge them as a radical procommunist and anti-American force. But their attempt has failed because of the mature posture of the democratic camp. As I have already mentioned, the support of the people for Mr Chon Tu-hwan is almost nonexistent. The Chon regime is a more unstable regime than any previous regime. Major U.S. press agencies, differing from the Japanese press, have unanimously pointed this out even quoting Western diplomats.

One of the most obvious aspects of the present reality is that the people at the bottom do not hide their extreme anger, and they curse against the Chon regime. This alarms us as a very dangerous sign not only for the Chon regime but also for the future of Korea itself. But the reality of Korean politics in general is that both the Chon regime and the democratic force are in a kind of stalemate since neither side can defeat the other.

The political situation from now on depends largely on the attitudes of Mr Chon Tu-hwan who faces the end of his presidential term in the spring of 1988. The situation at this time points to the possibility that Mr Chon Tu-hwan will move in the direction of continuing in power on the pretext of a constitutional amendment for the popular election of the president.

The timing of this constitutional amendment is anticipated sometime in 1985. After 1986 political confusion must be avoided because of the Asian games and the Olympic games. Needless to say, when Mr Chon Tu-hwan takes this path, the situation will deteriorate to a devastating confrontation. But what is important is that even if Mr Chon Tu-hwan retires in 1988, it does not really mean the immediate restoration of democracy or peaceful change of power. Under the current dictatorial constitution and ruling structure, even if Mr Chon Tu-hwan should step down in 1988, there is no alternative but for the emergence of a "second Chon Tu-hwan."

At issue is the return to a democratic constitutional system which is the precondition. If the people can become the independent selectors, no matter who is elected, he has to be accepted as the solemn choice of the people.

Therefore, the core of the problem is democratization for guaranteeing the freedom of the press and elections. If no hope for successful democratization is visible by 1988, politics in Korea will follow the path of extremism. I am seriously concerned with this.

What is most important for successful democratization is the active participation of the people. Although the Korean people do not believe in the incumbent regime and hate it, those who are ready to wage a struggle for democratization still comprise a minority. Unless more people participate in the struggle for democratization, successful democratization will not be easy.

In order to achieve democratization, among other things it is imperative that at least three regions, the Seoul area, Kyongsang Provinces and Cholla Provinces must rise up, and the three estates, students, the opposition democratic force and the workers, must rise up in unity.

Secondly, it is essential that the United States and Japan terminate or relax their support and aid to the dictatorial regime. The Chon regime is not supported by the people but by the military. The military is strongly influenced by the support accorded to the Chon regime by both the United States and Japan. Even at the time of the 12 December incident in 1979 (the so-called military purge by Mr Chon Tu-hwan and his supporters) the military leaders generally desired democracy. But Mr Chon Tu-hwan defeated many generals who hoped for democracy and the neutrality of the military. When secret ballots were taken at the Army headquarters at that time, the foreign press reported, the party who insisted on the military participation in politics was defeated by a score of 22 to 3.

People in some quarters have pointed out the reality of the favorable economy of Korea as a base for the stability of the Chon regime. However, I do not believe that the economic condition in Korea is uniformly good. But I acknowledge that it has achieved a considerable growth.

Yet the stern reality is that as a result of it, wealth has been concentrated in the minority, the difference between the rich and the poor has been widened, and their antagonism has been intensified. In another sense, the more the economy grows, the more the Chon regime loses stability. This can be understood even from the final days of Mr Park Chong-hee. If the Chon regime has really succeeded in economic construction and the people are satisfied with it, there is no reason why they should oppress the people as they do now. When we talk about successful democratization in Korea, I am convinced that we will unfailingly restore democracy in the 1980's, and that we will make a successful beginning toward peace and unification between North and South under the leadership of a democratic government.

The first reason for my such conviction is the fact that our people are endowed with a political culture and history most favorable to democratization. We have consistently maintained civilian government for 1,300 years since the unification of Korea by the Silla, with the exception of the 100 years' military rule during the middle of the Koryo period. The Silla, Koryo and Choson Dynasties were all unified and founded by generals. But once the dynasties were founded, they immediately reverted to civilian rule. As we can see in the case of the Choson Dynasty, freedom of the press was revered as the key to the rise and fall of the state. The government structure included the Office of Censorate and the Office of Inspectorate. These offices were instituted for the purpose of exposing and inquiring into misdeeds committed by the monarch and officials. They were called censoring officials. Such high scholars and politicians of the Choson Dynasty as Cho Kwang-cho and Yi Yul-kok emphasized that censoring the press was directly linked to the rise and fall of the state. They exerted great influence on posterity. Also, the spirit of the Eastern Learning is expressed, "Man is at once the heaven," and , "Serving man is like serving heaven."

A political origin that can become soil for democracy is found everywhere in the history and tradition of Korea and particularly in the political culture of the masses. And above all I wish to point out the strong enthusiasm of the people for education and the high level of their education. According to recent statistics reported in newspapers, at present Korea is one of the nations with the largest number of college students in the world.

The second reason why we are convinced of the return of democracy in the 1980's is the solidarity of the democratic force in Korea. At present all democratic elements in Korea have forged a complete unity. An extremely wide range of unity and cooperation exist between Christian and non-Christians, between politicians and non-politicians, between the young and the old, and among students, intellectuals, workers and other opposition democratic elements. Former president of the New Democratic Party, Mr Kim Yong-sam, and the force supporting me have joined together to form the Council for the Advancement of Democratization. When it was organized, it aroused such serious interest of the people that the established political parties in Korea were caught by surprise.

Thirdly, the democratic force in Korea has almost complete unanimity regarding policy goals to be accomplished, in addition to its wide-ranging unity.

The policy goals include the establishment of liberal democracy, the realization of the free economic system on the condition that the interests and rights of the workers and the consumers are guaranteed, the enforcement of a moderate social security system, the attitude of respecting national security in opposition to communism, the advancement of positive yet prudent unification, the prohibition of all forms of political reprisal, the readiness for dialogue and discussion with the Chon regime when it repents, and the strengthening of positive friendly relations with friendly nations such as the United States and Japan on the premise that the hopes of the Korean people for democracy and unification are respected. Such a posture is broadly supported by the people. I am certain that as these goals become known in detail to the people, we will gain greater support from them. American politicians I have come into contact with here and public opinion in the United States actively approve.

As I have already mentioned, we do not seek reprisals against the Chon regime. If they accept democratization, we intend to solve all problems through dialogue. It is also our true intention to open a way for Mr Chon Tu-hwan himself to repent his past errors. We do not recognize the legitimacy of the Chon regime. But we do not deny its functions as a legal entity. We can never forgive the acts they have perpetrated in Kwangju. But we may pardon them if they repent their past and take steps to make proper compensation and adopt measures for rectification.

It is most ideal and practical as a specific way to solve all these problems to discard the current dictatorial constitution and its attendant ruling system, and to return to the constitution and ruling system before Yusin (the 1972 constitutional amendment). It is not that the constitution of the Third Republic before Yusin had no problems in the process of its establishment. But we may interpret that this constitution gained the approval of the people while being enforced for 10 years. Also, its contents compare favorably with other democratic constitutions. We can return once more to this constitution, then make necessary revisions of the constitution in a democratic national assembly, and further perfect and develop it.

## 2. The East Asian Situation and the Question of Korean Unification

Question: In the moves of North and South Korea and surrounding nations we can find a heightening tension in one aspect, on the one hand, and new gropings in another aspect, on the other. We would like to solicit your view on such a situation in the Far East and the current status of, and prospects for the Korean Peninsula. We wish also that you would comment on North Korea's so-called "three-way talks."

Answer: The present situation in East Asia may be described as an intensified political and military confrontation over the Korean Peninsula between the United States, Japan and China, on the one hand, and the Soviet Union, on the other. If the situation is left unchecked, as it is now, there is a possibility that the tension will be aggravated. It seems that China's sudden and heavy leaning toward the United States and Japan is irritating the Soviet Union and making it feel uneasy. Needless to say, China seems to be pursuing the current policy as a countermeasure against the Soviet threat and as a means of achieving its long-cherished modernization.



However, in spite of such an increase in surface tension, it may be a big consolation that none of the four major powers basically desires a decisive military collision. It seems that their posture is the result not only of their goodwill for peace, but because of the balance of power between the two sides whereby neither side can win a total victory. We must strengthen our efforts and pressure so that all those who desire peace will watch carefully the situation in East Asia and so that the four major powers will agree and cooperate for true peace.

East Asia is where the life and death destiny of 1.3 billion people, 1/4 of the world population, hangs. When we review the situation on the Korean Peninsula from such a perspective, we should note that above all the Korean Peninsula is a strategic point where the interests of the four major powers converge. Moreover, North and South Korea have continuously maintained a posture of hostility and confrontation for almost 40 years. They have said that the Korean Peninsula is a danger zone with the highest possibility of military conflict in the world. But, in spite of the fact that regional wars have broken out here and there in the world, peace has been maintained on the Korean Peninsula for the past 31 years since the signing of an armistice in 1953. I think that the reason for it is that both North and South with a similar level of power form an equilibrium of power between them, and the United States and Japan versus the Soviet Union and China supporting South and North Korea also form a complete balance.

Both North and South realize deeply that in a war they stand to gain miserable destruction, whether they win or lose. None of the four major powers desires to have war breaking out on the Korean Peninsula. I do not believe that there will be war on the Korean Peninsula in the future either. Only, the problem is as Stephen Solarz, chairman of the Asian and Pacific Subcommittee of the Foreign Affairs Committee, U.S. House of Representatives, has pointed out. He contends that the problem in Korea is not so much the threat of invasion from North Korea as the situation within South Korea (the Republic of Korea) where explosive rebellions may be caused by the dissatisfaction and hatred of the people due to dictatorship, the one-sided accumulation of wealth, injustice, and corruption. He further contends that then there is a great possibility of a communist force infiltrating into South Korea or of clandestine guerrillas dispatched by North Korea which would lead to the situation similar to Vietnam. The trend toward feelings filled with despair and indignation is not so simple a problem, but we cannot exclude such a possibility. What we can say for certain is that as long as a dictatorial regime exists in Korea, there is no stability in the Republic of Korea, and accordingly there is no prospect for true peace and unification on the Korean Peninsula. As the successive dictatorial regimes have demonstrated, they always need tension to maintain and strengthen their dictatorship, and they do not have the ability to realize peace and unification through negotiations with the Communist North Korean regime on an equal footing. On the other hand, as long as a dictatorial regime is established in Korea and an unstable condition without the support of the people continues, the North Korean Communist regime will not abandon its wild ambition for takeover. Accordingly, it will not attempt to make progress in talks for permanent peace, and discussion of unification on an equal footing with such a regime in Korea.

Given this condition, it is sine qua non that the establishment of a democratic government in Korea must go forward.

Regarding the "three-way talks" that North Korea proposed last January, I would welcome it as long as talks, regardless of their format, contribute even to a temporary relaxation of tension. But what are necessary are guarantees of the equal capacity between North and South and the active cooperation of the four major powers. Since I ran in the presidential election in 1971 I have consistently insisted on conciliation between North and South and the cooperation of the four major powers for peace on the Korean Peninsula. I believe that many people today agree with my views. I think that there is a great possibility that talks, no matter in what form they may be, will be started in the near future. Even in differing degrees, both North and South Korea and the four major powers desire the beginning of talks. Even in the proposed three-way talks, if equal rights of the three parties are recognized and the agenda is not restricted, there is no reason why South Korea could not participate.

On the other hand, since North Korea has withdrawn its past condition that it cannot carry on dialogue with the Chon Tu-hwan regime no matter in what form, there is no reason why North and South Korea cannot hold direct talks and expand the talks to other nations such as the United States. No matter in what form, both North and South Korea will have to do their best to begin talks.

Regarding the format of the unification of the Korean Peninsula, I think that as one of its stages the form of a "republic federative system" is most desirable. The democratic government of South Korea and the communist regime of North Korea would coexist under this system of "one federation and two independent governments," and they would simultaneously join the United Nations and maintain diplomatic relations with the nations of the world until they are completely unified. I think that such a flexible federative form is the best possible method.

Professor Richard (Falk) of Princeton University has actively supported my proposal for the "republic federative system" as he says, "It is the only proposal worthwhile supporting at the present time." (See CONSCIENCE IN ACTION, No 3, 1 July 1984, p 13, issued by the Research Institute for the Problems of Human Rights in Korea) The "federative republic system" that North Korea has proposed requires the form of an almost single nation like the United States and Canada. It must be branded as premature in view of the confrontation and difference in quality between North and South Korea. Probably the next stage following the "republic federative system" might be the "federative republic system."

I believe that such a flexible form of unification, "one federation and two independent governments," can be formed before long if a democratic government is formed and North Korea offers its sincere cooperation. I think that it is my greatest wish to have unification, even in this first stage, materialize during our generation and thus open up a way for our posterity out of the fear of war and the misery of division.

### 3. How Do You Assess Mr Chon Tu-hwan's Visit to Japan?

Question: It has been announced that President Chon Tu-hwan will visit Japan from 6 September to 8 September. We are now discussing it on this date, 20 August, about 2 weeks before his visit. On the day when Mr Chon departs from Japan the issue carrying our interview will be published. We believe that reading this journal will provide our readers with clues to study afresh the problems in the Japanese-Korean relationship, in addition to their watching the entire process of President Chon's visit and all the announcements by the Japanese Government on his visit and all its coverage. We would like to solicit your frank views on the significance of the forthcoming visit of President Chon Tu-hwan's to Japan and its impact on the future of Japanese-Korean relations.

Answer: The important issue for the Korean and Japanese Governments in Mr Chon Tu-hwan's visit to Japan is an "apology" to be offered by the Japanese emperor for the past colonial rule. The Korean people, with concern, are not convinced of this in all points.

First, according to the Japanese Constitution, the emperor does not represent Japan, nor does he represent the government. He is the symbol of the unity of the Japanese people. The point is, whether an apology offered by the emperor in such capacity is valid.

Secondly, although Mr Chon Tu-hwan, himself, holds his presidential position with force, in view of the manner of his ascent to the presidency through extremely cruel acts, there is a question as to whether he is a president who truly represents the Korean people.

Thirdly, the Japanese Government has spread the word that the emperor's apology is proof of Japan's moral self-examination. And the Chon regime is misleading the people as if extracting an apology from the emperor would make his visit to Japan a great success. But this seems to be a joint connivance of the Korean and Japanese Governments to dismiss various problems presently caused by the Japanese, to misdirect people as if no problems exist now, and that the Korean people have no ill feelings toward Japan because of Japan's past mistakes. In place of direct colonial rule as in the past, Japan is oppressing the Korean people and is encouraging and manipulating the Korean people to prevent them from establishing a democratic regime through the most pro-Japanese elements like Mr Pak Chong-hee and his successors. In place of the direct exploitation under past Japanese imperialism, Japan is exploiting Korea under the guise of economic cooperation. In the past Japan used the Korean Peninsula as a base for its aggression on the Asian Continent. But now Japan is using Korea as an advanced base for Japan's defense. More seriously, there even is suspicion that Japan is using Korea as a nuclear base for Japan's defense.

It is evident that with Mr Chon Tu-hwan's visit to Japan, Korea will be brought more heavily under Japan's control economically as well as politically and militarily. The Japanese Government not only is trying to close its eyes to its many mistakes now with an empty apology from the emperor, but also is trying to make hollow the correction of the trade imbalance, high technology transfer, and the improved treatment of Koreans in Japan, which are the utmost concerns of the Korean people.

To begin with, it is an insulting Japanese act which causes us disdain only to offer an apology for the past without intentionally discharging its responsibilities for my kidnapping, which drew the attention of the Korean and Japanese people and the whole world, and without expressing a word of regret for it.

Moreover, I must say that it is a serious slander against the Korean people that both the Korean and Japanese Governments say that the Korean people still have bad feelings toward Japan even now 40 years after liberation because of the past mistakes Japan perpetrated. The Korean people are not an incarnation of revenge who can never forget past resentments.

As I have already mentioned, since what Japan is doing now is not basically different from its past direct control, we cannot forget the past and forge sincere friendly relations with Japan.

As a matter of fact, when we see Japan amassing only physical power without moral regeneration, we cannot help but become alarmed. Any intelligent Japanese clearly knows that this is the sentiment shared not only by the Korean people but also equally by all the peoples of East Asia. Japan has not only missed several good opportunities to regain the trust of the Korean people, but rather disappointed and irked the Korean people.

At such times as the constitutional amendment of 1969 allowing three terms for the president, the 1972 declaration of Yusin dictatorship, the disposition of Kim Tae-chung's kidnapping, Park Chong-hee's assassination and the emergence of the Chon Tu-hwan military regime, Japan always stood on the side of the dictatorial regimes, instead of siding with the Korean people, and most actively and openly endorsed these events.

At the time of the 1969 constitutional amendment allowing three terms for the president, the then vice president of the Liberal Democratic Party (LDP) even openly intervened by saying, "Korea needs a long-term stable regime." When I was arrested in May 1980, while the American ambassador demanded my immediate release, the special envoy from Japan, which was responsible for my safety, met Mr Chon Tu-hwan, who had carried out a military coup, he not only encouraged Mr Chon but also intentionally ignored this issue. Meanwhile, it was the time when innocent citizens of Kwangju were being massacred. Even when the Chon regime went against the agreement between the Korean and Japanese Governments, and sentenced me to death for my overseas activities too, the Japanese Government voluntarily abandoned its own responsibilities for me and its own rights, and instead defended Mr Chon Tu-hwan's outrageous violations of the agreement.

There are innumerable instances of the similar case. Those in Japan who watch Korean-Japanese relations carefully will have many actual instances come to their mind. To reiterate, Mr Chon Tu-hwan does not represent the Korean people. And his visit to Japan will not be blessed by the Korean people. Now many people in Korea are opposing Mr Chon Tu-hwan's visit to Japan, and they are continuing to stage fierce protesting demonstrations. They are rather seriously worried about the results of his visit to Japan instead of expecting any success. As you can understand from watching the situation on college campuses last



spring, the strikes staged by taxi drivers, and the citizens protests, the Chon regime is a regime maintained solely with violence, which totally lacks popular support. Moreover, because of repeated cases of injustice and corruption the Chon regime has won the contempt and hatred of the people. Even recently the number two man of the progovernment party was purged from his position over the illicit amassing of a fortune totaling \$20 million. Everyone knows that this incident has aroused serious indignation and distrust among the people against the Chon regime. The Korean people interpret the real intention of Japan in inviting Mr Chon Tu-hwan to Japan at this time to be aimed at gaining support for the Chon regime, its friend, and to prevent its collapse. Looking at the current situation afresh we find that the Japanese people do not welcome Mr Chon Tu-hwan's visit to Japan either. This fact is evident even only by watching the unprecedented awesome security measures taken for Mr Chon Tu-hwan's visit to Japan.

It is clear that Mr Chon Tu-hwan's visit to Japan does not signal the opening of a new age of friendship and cooperation between Korea and Japan about which political leaders of both countries clamor. It rather signifies the beginning of an unfortunate new era, which will lead to more Korean dependency on Japan and further arouse the anger and opposition of the Korean people against Japan.

The Korean people believe that under no circumstances can they allow the strengthening of military cooperation between Korea and Japan. Because this will only heighten tension on the Korean Peninsula and in East Asia, and it will not advance peace at all. Moreover, it will aggravate the anti-Japanese feelings of the Korean people and arouse the fear and hostility against Japan, and it will cause a backlash in the cooperation between Korea and Japan. Neither are the Korean people pleased with the superficial Korean boom now taking place in Japan. The Korean boom, caused by a certain kind of curiosity and killing time while the responsibilities for respecting the freedom and rights of the Korean people are avoided, will only displease the Korean people.

Korean-Japanese relations were unfortunately poor in the past and continue so at present. If relations are unchanged, they will be poor in the future as well. Mr Chon Tu-hwan's visit will only increase such unhappiness. If we have any hope and relief, it is the unprecedentedly intensified concern and effort the Japanese people have displayed toward democracy and human rights in Korea since my kidnapping.

Needless to say, this is not adequate to satisfy us completely. Rather, the current condition of certain of the Japanese press is extremely disappointing to us. But we will make tenacious efforts with those who have the enthusiastic desire to bring about true understanding and cooperation between the Korean and Japanese people, without abandoning hopes for achieving our goals. We have consistently faced the Korean-Japanese problems out of the sole wish to establish true friendly relations between the two countries and at least not hand down to our posterity the unfortunate relations we have experienced. In this respect, together with the absolute majority of the Korean people who share our thoughts, we intend to strengthen solidarity with the democratic and human rights force of Japan, to cooperate with the Japanese people in order unfailingly to achieve these goals.

Through your journal we send our gratitude and encouragement to the Japanese people and the democratic human rights force. We are also grateful to all of you with this journal who have been constant and unforgettable friends and supporters of the Korean people.

#### 4. On U.S. Policy Toward Korea

Question: At the beginning we have asked your comment on, "How do you view the current status of the Chon Tu-hwan regime?" As you have already pointed out, in spite of many serious contradictions within itself, the Chon Tu-hwan regime has been able to maintain its political base, because first of all it has had the full support of the Reagan administration. The recent moves in Korean-Japanese relations, too, are evidently decided by "Reagan-Chon" relations and "Reagan-Nakasone" relations.

On the other hand, it has been a year and 8 months since you moved to the United States, not out of your own volition. We understand that, in spite of many restrictions, you have made many friends in all quarters of the United States and that a new perception of Korea is being spread to all quarters in the United States.

From such a perspective, moves of the United States draw our attention in assessing the future situation in Korea. We would like to know your thought on these....

Answer: It is a fact that although a considerable number of American leaders in various quarters, to say nothing of the Reagan administration, are not satisfied with the Chon Tu-hwan regime, they basically support it. The most important reason for it is that the security of Korea is vital. Such a trend seems to have been further justified by the shooting down of the Korean airliner and the Rangoon bombing of last year. This is not the first time that the United States supported the dictatorial regime in Korea on the grounds of security. Rather, even the Carter administration, which called human rights the heart of American diplomacy, approved General Chon Tu-hwan's coup on similar grounds.

When I met Mr Edmund Muskie, then secretary of state, after I arrived in the United States, I heard him say that directly. I believe this is a logic widely prevailing in Japan, too.

This is both a fundamental and historical fact. No matter who he may be, if he wants to ask his people to defend the nation with their lives, he has to give them the objective of defense.

It is democratic freedom and a society filled with justice. We and the people in North Korea are the same people. Why should they defend the Republic of Korea, which is without freedom and justice, against the same people by sacrificing their lives?

Even during the period of the Korean war we had our fundamental democratic institutions guaranteed, including the freedom of the press, local self-government, the popular election of the president, and the independent National

Assembly and judiciary. Because of this we fought with our lives and ultimately were able to repel the North Korean Communist force and the 1 million-strong Chinese Communist force back to the North. At that time our people had an objective to defend. Now in a peaceful time 30 years later we have lost all of these.

Today the determination of the people to defend the nation has been markedly weakened. Such a tendency is serious, particularly among the youth, students, workers, and intellectuals, and national security faces a crisis more than any other time. Moreover, certain politicized soldiers are engrossed only in political games. Some of them have become presidents and power holders. On the other hand, soldiers who are faithful to national defense cannot maintain their positions unless they curry favor with them, nor can they hope for promotions. Sacred military duty is abused as a tool for punishing democratic students. Several student draftees met suspicious death while in the armed forces. Anyone can guess how the morale of soldiers will change under these circumstances.

Successive military regimes took over power on the pretext of anticommunism and national security to force dictatorship. But they are the ringleaders who have created the hotbed of communism and have jeopardized national security.

The second reason why the United States supports the dictatorship is because it believes that strong politics is necessary for economic construction and when the economy becomes strong, it will naturally lead to democracy. But this is again contrary to the fact. As of now the per capita income of Korea has reached \$2,000. But they have none of the freedoms that they enjoyed during the wartime when the per capita income was \$60, and the level of their freedom is far below that in the period before 1972 Yusin when the per capita income was \$300. Economic growth is possible even under the dictatorial system, but a fair distribution of gained wealth can never be made. In order to suppress the dissatisfaction of the people over the unfair distribution of wealth, the dictatorial regime must oppress the people more as wealth grows. This is the reality in Korea now.

Today in Korea 53 percent of the gross national product is controlled by the 10 large financial groups, and 59 percent of the workers suffer with a meager income of less than \$100 per month, and 92 percent of peasants are debt-ridden. This is clear even from the government data submitted to the National Assembly.

The third reason is that some American leaders persuade others saying, "No matter how bad dictatorship may be, it is better than communist dictatorship. Therefore, to avoid more harsh communist dictatorship we must support the current dictatorship." This is not logical either. It does not make sense to bear with dictatorship by comparing it with something bad among other things. Since the end of World War II, the United States has tried to persuade the people in those countries where military dictatorship was confronting communism with such reasoning. But has not the United States failed in each case? There are many examples, including China, Vietnam, Cambodia, Laos and Cuba.

What I have clearly learned in the United States about the reason why the United States has supported dictatorial regimes is that such U.S. policy has never been adopted solely by the president or those who are in power.

The issue is the perception of the American people of the Third World. Last fall I was strongly impressed with extremely symbolic events revealing the two opposite sides of the United States. One was the fact that when the U.S. Congress adopted Martin Luther King Jr.'s birthday as a national holiday, the American people readily approved this. Almost at the same time, the people overwhelmingly supported the American invasion of Grenada.

It is really an amazing fact that the United States designated the Reverend King's birthday as a national holiday. When we witnessed that the 200 million white society gladly awarded him the honor which only Washington received and even Lincoln and Kennedy could not receive, we could keenly feel with emotion the great morality and adjustment of American democracy. On the other hand, the excited support of the American people for the invasion of Grenada which caused the denouncement and outrage over the whole world could not be justified by any morality or justice.

Why do we find such dire discrepancy in the attitudes of the people between the democratic aspect and the foreign affairs aspect? It seems as Kant declared in the 18th century that while many peoples are extremely moralistic about their domestic problems, they are extremely nonmoralistic in external affairs.

A considerable number of the American people tend to view the problems of the Third World with the anticommunist and anti-Soviet yardstick, and ignore the issues of freedom, justice, and human dignity which are the wishes of the peoples of the Third World. Therefore, they support any dictatorship as long as it is thoroughly anticommunist and anti-Soviet, and justify any act of aggression as long as it is for the anticommunist and anti-Soviet cause. Even regarding the oppression of human rights, the American people become excited and demand sanctions if it happens in Poland, but they tacitly approve if it happens in Korea, the Philippines and Central and South America.

Such American attitudes have disappointed the peoples everywhere in the Third World since the end of World War II, and have become a factor for driving them to anti-Americanism, communism, and the Soviet Union. Paradoxically, the American anticommunist and anti-Soviet policy has resulted in immensely helping the expansion of communism and the Soviet Union.

While the United States has such unwise forces, there are many forces that oppose such American policy, support the wishes of the peoples of the Third World, including Korea, and insist that American moral leadership and national interest should adopt a policy for helping the realization of human rights and democracy.

During the year and a half since I arrived in the United States I have had about 100 opportunities to attend small and large meetings. The most impressive commonality as far as I am concerned is that conscience based on the founding spirit is still alive in the hearts of the American people, and that they



have the honesty to accept totally rational and convincing arguments. I personally experienced this whenever I won the sympathy and support of many congressmen, journalists, scholars, religious leaders and human rights activists. Even though the Korean question is not an issue that draws public attention, scores of congressmen have sent letters on two occasions since the beginning of this year to Mr Reagan and Mr Chon Tu-hwan in reference to human rights and democracy in Korea and my safe return to Korea. They have also inserted my speeches in the Congressional Record on several occasions. Many newspapers have expressed their strong support of human rights and democracy in Korea. They have continuously carried my letters.

Such facts earnestly encourage our people who are struggling in Korea. Tens of thousand of duplicated copies of American Congressmen's letters which I have referred to have been distributed in Korea and posted on college campuses. This has helped tremendously in calming down the antagonism and anger of the Korean people, particularly students, against the United States.

I have always told my American friends: "We do not ask you to restore democracy in Korea. Our people ought to realize democracy necessarily with their own conviction, efforts and sacrifice. What we request is that you should not obstruct our own solution by supporting the dictatorial regime against the will of our people. I insist on this as the right of the Korean people. We are not beggars. The Korean people are one of the most highly educated peoples in the world. The cultural level of the Korean people have displayed high excellent competency in accomplishing economic modernization. Why should such high level people abandon the hopes of modernization only in politics and accept the status of the late-developing nations?"

"At present the Korean people are leading their lives, with freedom, justice and human dignity trampled. The regime demands that such people cooperate for political stability and national security. But do you think this is persuasive? If you Americans were in their position, would you agree to such persuasion?"

"Because the United States has supported the dictatorial regime and cooperated in the Kwangju massacre, it has aroused the anger of the Korean people. U.S. cultural service offices were set fire here and there in Korea, and the Stars and Stripes were burnt. We never approve these, but we understand why they felt that they had to do these things."

"The United States now stands at a forked road. Either the United States will regain its traditional friendship with the Korean people by supporting democracy and human rights in Korea. Or the United States will drive the Korean people forever to anti-Americanism by continuously supporting the dictatorial regime. The realization of democracy in Korea will never conflict with American national interest, either. Rather, if a democratic government is established, stability and national security will be established with the voluntary and full support of the people. This will lead to the realization of peace on the Korean Peninsula. Would this not reduce the United States burden of national security?"

"Some people say that it is for economic gains that the United States is supporting the dictatorial regime in Korea. I think that this argument has some grounds. But such interest is temporary and very unstable. Instead, there is a way for long-term stable economic cooperation. That is to say, the United States may seek in Korea economic interest that it is now gaining in Western Europe and Japan. Democratic institutions as well as the freedom of the press and free labor movements are found in Western Europe and Japan. Yet, the bulk of U.S. investment is concentrated in these regions. The United States is pressuring Japan to open its door wider for investment. Of course, it is for American interest. If this is the case, why can the United States not gain similar interest in democratized Korea?"

"The democratic force in Korea have very constructive goals, and the labor movement in Korea, which is under the influence of Christian churches, has a wholesome character. Therefore, if a democratic government is established in Korea, economic cooperation can be developed to seek the common interest of both Korea and the United States. Where are you trying to find a people worthy of your stronger support than ours?"

I believe that such reasoning has received the sympathy and support of the American people in all cases, almost without exception. Some of them misunderstood me through the long derogatory publicity about me put out by the dictatorial regime. But I believe that the majority of the American people now both in and outside government have been generally impressed that I candidly and mercilessly criticize wrong policies pursued by the United States, but I am a true supporter of the founding spirit of the United States, and I am a true friend of the United States and truly concerned with the future of the United States.

I think that this can be seen in the reasons an honorary degree was conferred on me by Emory University, in the statement of some leaders concerning me, and in newspaper commentaries.

I do not believe that I have altered American Government policy as a result of my efforts over the past year and a half in the United States. But I think that my efforts have drawn strong interest, and I have been able to form a considerable supporting force among all quarters in the United States for the restoration of democracy in Korea.

When I comment on U.S. policy toward Korea, I cannot refrain from comparing it with the Japanese attitudes.

First of all, when I study the attitudes of the U.S. and Japanese Governments, I find that there is no mistake about the U.S. Government support of the Chon Tu-hwan regime, but it has made some efforts to improve human rights in Korea, it has keenly observed the trends of the Korean people, and it has maintained constant contact with opposition democratic forces. Therefore, the Korean people criticize the United States but also have expectations from the United States. On the other hand, the Japanese Government not only unconditionally supports the dictatorial rule by the Korean Government, but also gives out an impression that it seriously distrusts the democratization of Korea. Needless

to say, Japan avoids contact with opposition democratic forces. Moreover, there are incessant rumors of black connivance. Therefore, the Korean people expect nothing from the Japanese Government and feel rather like severely criticizing it.

Secondly, there are many among American politicians who have come out actively for human rights and democracy in Korea. And it is a fact that there are a considerable number of such politicians in Japan. But what makes us resentful is the fact that some opposition parties in Japan encourage and support the dictatorial regime in Korea as much as the progovernment party.

Thirdly, in spite of the weak interest of the American people in Korea because of their worldwide concerns and their sense of distance from Korea, the American press has shown strong interest in human rights and democracy in Korea last November, and the American press takes up this issue whenever the opportunity presents. A while ago, I visited almost all major American newspapers to discuss the Korean question with their executives. As such discussion is repeated, I must confess that I find my trust of and respect for them increasing. I think that the strongest point in American democracy is the healthy existence of the American press full of freedom and vitality and brimming with a sense of mission. As long as such press is active, I believe, the United States will forge a United States that responds to the expectations of the people of the world by correcting today's mistakes tomorrow. A free and wholesome press is the key to the realization of truth and to the development of society.

On the other hand, it is a fact that the democratic force in Korea is disappointed in the Japanese press and is highly critical of it.

We have watched as the Japanese press, which gave us much hopes and trust, has become sensitive to the mood of the dictatorial regimes in Korea since the last years of the Park regime, and has failed responsibly to report the true stories happening in Korea. I must say that this is a serious calamity to the Korean people who feel the greatest impact from the Japanese press among all other foreign presses. I pray that the Japanese press will fulfill its proper mission.

Fourthly, a considerable number of the American people have no keen interest in Korea. As I have already mentioned, they have wrong ideas about the Third World too. I think that American education is partially responsible for it. But it merits special mention that many churches and human rights leaders are passionately helping democracy and the human rights question in Korea.

On the other hand, the Japanese people have a stronger interest in Korea than any other people in the world. I know that there are many among them, in cooperation with democratic and human rights leaders, who are exerting efforts to form active solidarity with the democratic force in Korea. We highly value their efforts and are grateful to them. As long as we continue such solidarity with the Japanese people, we need not be unduly pessimistic about our future.

10372

CSO: 4105/004

## ECONOMIC

### MANAGEMENT, SYSTEM, PERSONNEL, FACTION CONNECTIONS DISCUSSED

#### Dissolution of NTT

Tokyo ZAIKAI TEMBO in Japanese Aug 84 pp 39-61

[Article by Siro Makizono, an economics reporter: "New Personnel and Personal Connections Toward a Society of Information Network System After NTT Disappears"]

[Text] With a sense of crisis that "if we remain unchanged, we will be a second Japan National Railway (JNR)," Nippon Telegraph and Telephone Public Corporation (NTT) has begun its rush toward private management--from a public corporation (kosha) to a private corporation (kaisha). This is a difference of only one word. But this is a big project for NTT, a giant in the central position in the information age with a gross revenue of 4.3 trillion yen and 320,000 employees, which requires a total change not only in form but also in organization, management, ideas and perception.

At a time when new participation in the communications business has been liberalized, the opening of circuits has made progress, and Japan's information network service (INS) industry is on the verge of making big jumps, it is hardly a time for NTT to maintain its traditional "bossy patriotic" character. Even in completing the idea on the information network system (INS), which NTT has been promoting with a total commitment for bringing about human happiness, it is necessary to reactivate NTT. As it was ignited by the Adhoc Council for Administrative Reforms, and began to move with the "horsepower" provided by NTT President Hisashi Shindo and it was pushed by the financial circles, and as it was accelerated with the "go" signal from the Liberal Democratic Party (LDP) and the Ministry of Posts and Telecommunications, the move for turning NTT into a private corporation is mustering expectations as the decisive factor for the revival of NTT by those who are concerned.

However, could we confidently answer the question, "What kind of face would be waiting at the other side of the private corporation?" As one of NTT's commercial messages asked, "What kind of face is waiting at the other side of the telephone?" It is not that turning into a private corporation alone would solve all the problems and revitalize it. Needless to say, turning the NTT, which plays an important role in the information age, into a private management will have an enormous impact on the future information society in



Japan. Moreover, it is expected to have a huge impact on the business society, finance, financing and other aspects of national life in Japan.

Its influence would be comparable to or surpass the impact of the selling of the government operated Yawata Steel Mill in 1933, the dissolution of the Japan Power Generation and Transmission in the postwar period, and the transition to the nine electric power systems. It seems to be necessary to question why turning NTT into private management once again. It is for the benefit of the people and it will live up to the expectations of the people.

#### **Delicate NTT Position Vis-a-Vis the Liberalization of the Telecommunications Market**

This January, Vice Chairman Olson of American Telephone and Telegraph (ATT) visited Japan and energetically made successive contacts with general trading companies and electronics equipment manufacturers in order "to win business opportunities in Japan." As early as this fall, International Business Machine (IBM), an ATT rival, has plans to construct buildings in Mitaka to offer its value-added network (VAN) service beginning next spring.

The Japanese forces cannot take the beating either. Toward the end of last year, Tokyo Electric Power dispatched a survey team to the United States to conduct an intense investigation and study of the telecommunications business. Their aim was to find ways to enter the communications network of the nine electric power company systems, second only to NTT, and into the communications business.

Moreover, this April, a group led by Kyoto Ceramics and including Mitsubishi Corporation and Sony, launched a "Second NTT." Thus hurried movements are observable in anticipation of the liberalization of the communications business. The moves reflect the anxious wait for the passing of the "Communications Business Law," and the related "Japan Telegraph and Telephone Corporation Law" in the Diet. When these two bills are approved in the Diet, NTT will change into a private corporation and all the areas of telecommunications which have been monopolistic will be open to the private sector.

It will then become possible for private enterprises to engage in telegraph and telephone services with communications facilities (the first type of telegraph and telephone business with permission), and to engage in value-added network business (the second type of telecommunications business, large-scale businesses require registration, and others require reporting). For the telecommunications-related industry, this is an epoch-making event which will break down the government business monopoly. Understandably private enterprises, which have dreamed of owning their own communications circuits, have become encouraged. The natural progression will be for foreign capital to look into the highly growing Japanese market. In this situation, NTT's position becomes complicated by the appearance of business competitors and the breaking down of its monopoly.

Even if NTT becomes a private corporation, there will be no change since it will remain the largest monopolistic company in Japan. Its power is enormous.

Though its gross sales may not equal that of Toyota Motor, the largest manufacturer, and that of general trading companies with huge gross sales, its gross sales of 4.3 trillion yen belongs in the top ranks. Its total assets are worth about 10 trillion yen, or 1.4 times that of Tokyo Electric Power. Its employees number 320,000, or, more than 4 times that of Hitachi Limited. It is an enormous enterprise. Even if it may be divided later, for the time being, this gigantic telegraph and telephone company reigns supreme.

If its rivals should try to counter with reduced fees, its power is so great that it can easily crush its rivals under its feet. Needless to say, it is a fact that its technological capabilities and communication business know-how are unmatched. Moreover, as President Shindo himself has warned, "If we remain unchanged, we will become a second INR." One cannot tell if NTT will continue victorious in the communications war in the future. Technological progress in computers and communication is remarkable. Could NTT as it does now, come up with new responses to link such progress with business? Could it possibly offer meticulous service to respond to the needs of consumers? There seem to be several questions relating to the future of the new telegraph and telephone corporation.

#### Will the Concept of INS Bring About a Rosy Future?

It is now a new media era. Rose colored dreams are told in different versions. INS in particular is predicted as being the center of the information society in the 21st century. The current talking and listening telephone will become a telephone capable of viewing, reading and writing. The current telecommunications network in our country is comprised of four networks-- telegraph, telephone, data communications and facsimile. In the future, these telecommunication networks will be integrated into one, striving toward efficiency and diversification by adding such visual devices as television telephone.

This is made possible by changing the current copper coaxial cable to optic fiber cable and the analog transmission method to a digital method. Not only can various services become possible, but fee systems will be rationalized and the pending qualitative difference caused by distance will be resolved too. When INS is completed, office automation will progress further and further rationalization of production and management will contribute to office automation and robotization. In individual life, working at home will become possible and individuals will be freed from the burden of commuting. Individuals will be able to easily obtain life and local information by using this system. Without going to private tutoring schools, students will be able to receive supplementary instruction at home. In shopping, everything from ordering to settlement will become possible at home only by striking keys....

It is NTT that is promoting this rose-colored concept of INS. It is a project that NTT can only handle. NTT's ambition and outlook for a promising future is apparently contradictory with its apprehension about "becoming the second JNR."

The two entities certainly are common in that both are government businesses on the independent accounting system, but big differences between JNR and NTT also exist. JNR has huge deficits. With its cumulative deficits it is as good as "dead." NTT, however, is in the black. It is a model student in the management of public corporations. Because JNR has rivals such as the private railways, trucks and airplanes, its share has been encroached on continuously. NTT, however, is a monopoly and currently has no rival. Furthermore, NTT can automate and carry out rationalization following technological progress in the future. Automation, however, is utterly unthinkable for JNR. In terms of prospects for the future, NTT can open up a bright future as the carrier for the information society such as data communications and INS. But JNR has little expectations on betting of the future. In this manner, even in terms of current status, business potential and future prospects, JNR is no comparison with NTT.

Nevertheless, there is significance in what President Shindo said, "If we remain unchanged, we will become a second JNR." Concisely stated, to achieve the concept of INS, NTT in its present state will not do.

#### Public Corporation System Hampering Free Ideas (?) Is the Basic Cause

It will now be necessary to review what kind of position INS occupies in the management of NTT at present. Since inception, NTT's manner of response to the demand, "We would like to have a telephone installed," has been the foremost issue. "Telephones that can be installed and connected immediately" has been the response to the consumer's demand. Until this was accomplished, almost no one was questioning the existence of NTT.

Not until the automatic telephone dialing system throughout the nation was completed and the backlog was wiped out was the question of how NTT should respond renewed. Criticism against the monopolization, the demand for opening up its circuits, the criticism against the NTT family, and its irregular accounting problem were all symbolic of the quality of NTT which became exhausted after achieving its goals. A new set of goals then became necessary to strengthen its existence externally and tighten management internally.

Thus the emergence of the INS concept. This concept was formulated and lay dormant within NTT for a long time. It was not until the criticism against NTT reached its peak that the concept was actively and positively promoted publicly. The excellent timing of its emergence may reflect the circumstances surrounding it. This system is the "basis for restoration of the right" designed to recapture a new meaning for the existence of NTT.

This concept is not one which will thrive alone on the mere investment of plant and equipment as a response to the increasing demand for telephones, as was done in the past. The issue now is how to respond appropriately to the needs of consumers. Because the past was a time of consolidating telephone networks as infrastructures, NTT was able to thrive successfully with merely a slight awareness of the cost factors. NTT was able to become a model student by being able to cover contradictions with the growth in demand. In the forthcoming era of intensive information, technology will

achieve dazzling heights, the needs of consumers will become diversified, and changes will be great. Naturally, NTT's posture, "we will install telephones for you," will be inadequate to cope with the new situation.

The concept does not stop at ideas alone. Vast funds are required for the completion of this system. The estimated cost is 20 to 30 trillion yen. The future payment of principal and interest alone will amount to more than 1 trillion yen per year. Since the communication business is a typical process industry, plant and equipment investment will naturally add up and the heavy burden of the principal and interest payment is inevitable. Some say that if only profit is generated after absorbing such costs will it suffice.

What President Shindo is concerned about is the fact that since the demand for telephones has now reached its peak, the growth of revenue is only estimated to be about 4 percent in the future while the rate of increase in expenditures is estimated to be about 6 to 7 percent. In other words, it is predicted that a 80 billion yen deficit will be generated per year. Although the need for curtailing plant and equipment investment is foreseen, it will not do to delay INS and fail to meet the needs of consumers. If NTT must resort to obtaining appropriate loans to balance the accounts, it will be reduced in no time and become known as a second JNR, since it will become reliant on borrowing more money to pay interest, and acquire the "salaried people financing" character.

Although it is driven into achieving such a status, NTT is obligated to pay 120 billion yen each year to the national treasury (for 4 years beginning in 1981). Since NTT is the leading earner among three public corporations and four government businesses, it is logical that it should cooperate that much in view of the tight finances of the nation. If NTT spends on entertainment because it is making a profit, or if its notoriously irregular accounting situation becomes aggravated, it is naturally better for NTT to contribute to the finance of the nation. But if NTT fails to adopt advance measures in the face of the salaried people financing posture, it will never be able to take the leading role in the future communications business.

According to "Frankly Speaking on NTT" authored by President Shindo, in 1980 NTT's debts were as high as 5.3 trillion yen, and the interest payments were as much as 11 percent of the total annual expenditures. To the president, who pointed this out, staff members were reported to have responded by proudly saying, "NTT's financial status is not that bad. The net worth ratio is as good as that of excellent private companies." "To me, this is an awful misconception of the situation. Since NTT is a process industry, it does not require material costs, prepaid expenses, deferred payment costs, in process accounts, and inventory investments. As for revenue, it receives "daily money" every month, and simple comparison with general private businesses is not meaningful."

Rather, "Even if one tries to sell a switchboard, no one wants to buy it.... When we talk about net worth, even if the net worth accumulated in the past may be something, it is worthless if it has no market value. Since the industry does not require raw material costs, no matter how high the net worth



rate is, it is not something that we should be proud of. Still it would be a big mistake to think that NTT is an excellent enterprise and it still has an extra borrowing power."

There are innumerable examples of the nonapplicability of the private business concept to the public corporations. One such example is that NTT does not care less about the 8 percent interest it pays and the 3 percent interest it is paid. NTT issues bonds to raise funds and this reflects that actual interest rate in the market. It has to pay dutifully, even if the interest is 7 or 8 percent. Now, its own money, such as telephone fees which are paid mostly through bank pay-in are deposited at the Bank of Japan. Of this amount, up to 3 billion yen does not earn interest. Even the amount over 3 billion yen earns only a low 3 percent interest payment.

Moreover, such low-interest bearing deposits reportedly rose to as much as 400 billion yen. When President Shindo asked his subordinates if they could manage the deposit in negotiable securities, he was told it was "prohibited by the law." At that point he instructed his subordinates to transfer the deposit to be used for the advanced redemption of NTT debenture. Thus the deposit was finally applied to reducing the burden of interest payments. This is a too well-known story symbolic of the quality of NTT. Although it was problematic that NTT personnel could not come up with such an idea, it cannot be denied that the NTT system, which does not spawn free-wheeling ideas, is also problematic.

NTT may not have been like this from the beginning. But during its long history, such evil practices might have occurred. Therefore, let's look at the history of NTT.

#### Telecommunication Business That Rapidly Grew With the Support of Government Funds

The telegraph and telephone business in our country has been operating as a government business since the Meiji era. The telegraph business was started in 1869 between Tokyo and Yokohama. The number of telegraphs handled per day at that time by the Telegraph Office (presently Tokyo Central Telegram Office) was less than 10, and the number of employees was only 5. Telephones were imported in 1878, 1 year after the telephone was invented. But with only telephones in existence and no other related devices, telephones served solely as communication devices between two points. Practical telephone service could not be possible without switchboards. Beginning in 1890, the telephone switchboard service was started as a government business. Thereafter, the private demand for telephones rose rapidly along with the backlog problem.

Priority, however, was given to the military demand so that promptly meeting the private demand was difficult. Thus the system of "installing telephones promptly" by demanding the contribution of the ones who would benefit from it arose. The specially installed telephone system, the telephone installation upon contribution system, and the express installation system all fall into this category. NTT's practice of demanding contribution from the

consumers for telephone installations has existed since the Meiji era as a means of solving the backlog problem. This practice has culminated in the present installation fee system. The reason why NTT cannot acquire a private business mentality overnight, even if it adopted the attire of a private business externally, can be traced to the fact that NTT has been a monopolistic business for such a long time and has developed the aforementioned monopolistic mentality and practice.

During World War II, our telegraph and telephone services were severely damaged. Fifty-two percent of the telegraph offices and 75 percent of the circuits were destroyed. The number of telephones was reduced by  $\frac{1}{2}$  to 540,000 from 1.08 million before the war. One-third of the telephone offices were burnt down. The destruction was especially evident in Tokyo where the number of telephones was reduced to 16,000 after the war compared to 200,000 before the war. It took about 5 years to achieve the prewar level again. In 1952, after the war, this telecommunications system became a public corporation system. Article 1 of the "Japan Telegraph and Telephone Public Corporation Law" states, "[The corporation] is established for the purpose of promoting public welfare by establishing a rational and efficient management system for the public telecommunications business through the acceleration of installation of public telecommunications facilities and their expansion, and also by securing the convenience of the people through telecommunications...." The first president, Takashi Kajii, stated the aim of the corporation at its inauguration saying that "the corporation will eliminate various restrictions attendant to the government-operated business and establish a rational and efficient management system of the telecommunications business, and thus offer the best service satisfactory to the people with the lowest fees."

Evident from the above statement, such aims as (1) maintaining the public character, (2) avoiding wasteful double investing, (3) maintaining unified management and technological superiority, (4) maintaining utilization service, and (5) offering prompt responses to the trends of demand were included. It can also be seen that the corporation attempted to integrate the advantages of unified government control and the strong points of private enterprises.

It might be said that at that time, the aims were laudable. In its concrete implementation, its budget (including free revisions) were appropriated by the Diet under the public corporation law and its labor problem was handled within the framework of the public labor law for management. Although the independent accounting system was the principle, if the Diet deemed necessary the government could invest with state funds. Needless to say, financial investment funds contributed greatly to the development of NTT.

Under such an NTT system together with the high growth rate of the Japanese economy, the telecommunications business progressed in great strides. On the other hand, NTT was urgently driven to dissolve the backlog in demand for telephones which had surpassed the projected demand. At the time of NTT's inauguration in 1952, the number of telephone subscribers was 1.55 million and the increase in subscribed telephones was 180,000 versus the backlog of telephones which was already 390,000.

Thereafter, NTT launched five 5-year plans to handle the problem. But, during the first 19 years after its inauguration, the backlog of telephones always surpassed the increase in telephones per year. Such a backlog was almost dissolved in 1979, partly helped by the impact of the oil crisis. At the same time when the backlog was dissolved, problem at NTT erupted.

#### Low Productivity and the Destiny of the "Dilatation of the Stomach"

First of all, the problem may be due to the low per capita productivity. When gross sales, 4.3 trillion yen, is divided simply by the number of employees, the result is only 12.6 million yen per employee. Even at Nippon Steel, the per employee sale is more than 40 million yen. Even at electric train companies, which reportedly have a large number of employees for the scale of sales and have low productivity, the per capita sales are at least at the 20 million yen level. The figure is ostensibly unbelievable for the telecommunications business which uses the latest technology. In reality, NTT has a large surplus of personnel.

According to the report on the results of administrative inspection of data communications as compiled by the Administrative Management Agency, for the same work, NTT uses 16 to 18 employees while a private company uses only 2. These results came from a comparison between personnel requirements for on-line work at a certain bank, NTT, and a computer service company.

Moreover, surprisingly, this comparison was for a period of Monday through Friday. While the private company had no employees working on Sunday, NTT had assigned as many as five persons. It seems that NTT's work system is a carryover of the system which was developed during the period when computers had many breakdowns. It is a prime example of NTT's inefficiency and the surplus personnel employed by NTT. NTT reportedly maintains some 100,000 surplus personnel. Some sources estimate that NTT could carry on very well even if it reduced its personnel by one-third.

Because NTT carried out mechanization and achieved 99 percent automatic dialing, its efforts for energy-saving and rationalization can be recognized. On the other hand, it shows that NTT has not satisfactorily carried out changes in assignments to produce surplus personnel. The actual condition was that as NTT utilized ample funds and the results of its research and development, and took advantage of its investment in plant and equipment, a bloating in the cost of installation resulted and personnel expenses were not reduced. Frankly, even with such an inefficient management it is admirable that NTT stays in the black. But from now on NTT's problems will become serious. The adoption of optic fiber will generate a large personnel surplus. The use of highly efficient optic fibers will negate the need for repeater stations necessary when copper wires were used for telecommunications. Telephone offices presently numbering 2,800 nationwide will be reduced to 800 or 900.

The second problem may be said to be the "intrinsic nature of the dilatation of the stomach." NTT's plant and equipment investment has reached its peak at 1.7 trillion yen, and it was projected to be reduced by as much as

# Main Indexes of NTT Since Its Establishment

Classification (unit)	Year	5-Year Plan						Ratio over the pre- ceding year (percent)		
		1st	2d	3d	4th	5th	6th	78	81	82
		52	57	62	67	72	77	78	81	82
Number of subscribed tele- phones (10,000 subscriptions)	155	264	478	1,031	2,247	3,507	3,640	3,776	3,905	4,150
Number of increase of general sub- scribed telephones (10,000 subs)	18	24	63	140	308	152	155	155	144	127
Number of backlogs (10,000 subs)	39	58	101	242	227	16	13	12	10	--
Dissemination rate of subscribed telephones (per 100 persons)	1.8	2.9	5.0	10.2	20.8	30.6	31.5	32.4	33.3	34.9
Ratio for residence (percent, excluding group telephones)	6.2	9.5	16.5	32.8	54.2	66.0	66.8	67.5	68.0	68.8
Number of transfers (10,000)	--	--	--	--	115	269	285	299	304	322
Number of public telephones (10,000 sets)	2	7	17	33	55	77	81	85	88	93
Number of telephone sets (10,000 sets)	225	389	736	1,505	3,106	4,865	5,107	5,363	5,628	6,121
Number of pushbutton telephones (10,000 sets)	--	--	--	--	35	207	244	285	329	452
Number of frequencies of telephone breakdowns (per month 100 subs)	19.6	7.1	5.3	3.0	1.3	0.6	0.6	0.6	0.6	0.5
Number of telegrams (1 million telegrams)	89	85	90	78	56	39	39	41	41	43
Subscribed telegraphs (100 subscriptions)	--	4	52	219	590	729	675	629	575	468
Revenue (100 million yen)	--	1,670	3,213	7,005	14,625	34,036	36,224	38,556	40,063	43,443
Cost (100 million yen)	--	1,360	2,670	6,768	14,530	29,646	32,316	34,027	36,183	39,746
Balance of payments (100 million yen)	--	310	543	237	95	4,390	3,908	4,529	3,881	3,696
Amount of investment in construc- tion (100 million yen)	--	693	2,169	4,834	10,705	16,247	16,398	16,664	17,090	17,432
Amount of fixed assets (100 million yen)	--	3,996	8,931	19,720	39,200	70,173	75,601	80,702	85,895	90,870
Number of employees (10,000 persons)	147	174	207	254	296	326	328	329	327	323

\*Figures for 1957-1977 are for the last years of the 5-year plan periods



110 billion yen in 1983. Related enterprises have voiced dissatisfaction and apprehension and have strongly voiced, "We have been cooperating all this time with NTT...but look, what has happened to NTT?" The NTT family which is deeply involved in not only communications equipment, but civil engineering and construction, electric wires, various equipment and machines, materials, services and maintenance have benefited greatly from successive and aggressive plant and equipment investment.

Moreover, to top it off, their benefits have resulted from negotiated contracts. According to the regulations, the procurement of materials is required to be made through competitive bids as a rule, and negotiated contracts are the exception. But here, negotiated contracts accounted for as much as 90 percent of the procurement.

If companies have to participate in competitive bidding, they all rush to invest in surplus plant and equipment in order to receive large orders. Since the interest rate during the idle period is accumulated, their bidding will be costly. It is also said that equipment requiring high technology had to be purchased from creditable manufacturers through negotiated contracts, and that such equipment is not satisfactory just because it is low-priced. But these negotiated contracts were a sweetener to manufacturers and nurtured the "NTT family" that were responsible to NTT, and conversely reduced the competitiveness of manufacturers. In other words, it resulted in preserving enterprises with strong dependency on NTT. For this reason, rumors spread in the industry that "Our orders were reduced since we hurt the feelings of the NTT executives." That is why NTT was severely criticized by the United States for being exclusionists and led to pressuring NTT to open its doors.

#### The Public Corporation System Spawning Managerial Inaction

Since NTT, with the "dilatation of the stomach," must always provide a sweetener and feed the weak family enterprises," it has been driven into an ambivalent situation. Because of the aforementioned surplus personnel and the family enterprises, NTT is forced to undertake a new large project. Needless to say, it is INS. Be that as it may, it may be said to one of the defects of the public corporation system that such family enterprises have been spoiled.

Moreover, the lowering of NTT's morale is also serious. Since NTT is treated uniformly as one of the three public corporations and four government businesses, even if employees raise productivity, ultimately, there is little difference in wages they receive. Even if managers demand the union to rationalize and appropriate part of the improvement in productivity to wage increases, this is impossible. Wage scales ought to be decided independently by managers, but this is not possible at NTT. The employee morale is not boosted because their wages are not increased even if they work hard. Managers, too, produce more surplus personnel when they rationalize business more. This causes a deterioration in the management-labor relations, and managers ultimately decide to go easy.

Not only can't managers decide wage scales, the NTT president has no power to select NTT vice presidents. It is likened to a company president who cannot decide his own vice president. It is problematic because NTT as an organization cannot function in this manner. NTT needs the approval of the Diet in deciding fees and the annual budget. If the Diet makes decisions on the basis that the Diet recognizes NTT's independence, such decisions are acceptable, but decisions tend to be used as tools in political bargaining. Even projects covering several years are subject to the single-year budget, and no one can forecast how such projects may be changed in the following year. This cannot fail to undermine the enthusiasm of managers. As a result, the defect in the bureaucratic style that all budgets, once appropriated, should be spent has been expanded.

Yokes imposed on financial fund management must be conspicuously approved. Given these circumstances, one can understand how NTT has gradually acquired the mentality that it can escape by raising fees once its gentlemanly way of business becomes unworkable. Looking at the past NTT presidents, we find that the first president, Mr Takashi Kajii was the former director general of the Engineering Bureau of the Ministry of Communications, a very influential figure who controlled the Engineering Bureau. The second president, Mr Hachiro Ohasi, was once vice minister. The third president, Mr Shigeru Yonezawa, was a career engineer, and the fourth president, Mr Tokuji Akikusa, was a liberal arts graduate who was also a career man. These four managers all made efforts to dissolve the backlogs. It was admirable how they installed telephones without irking Diet members, but they paid hardly any attention to management, the pivotal element, and to improving the corporation's quality for the future.

Also, as managers, they directed their attention to politics and to those in power at the time. The fact that president Shigeru Yonezawa remained president for 12 years was closely related to the long administration of Eisaku Sato. The appointment of President Akikusa, also, was strongly influenced by the presence of Prime Minister Takeo Fukuda who was from the same hometown in Gumma Prefecture. The importance of the political connections rather than their management efforts and ability is indicative of the quality of the corporation.

#### Manifold Difficulties Lie in the Way of the Telegraph and Telephone Corporation

Viewed in this manner, in the public corporation system which was expected to contain the strong points of both government and the private sector, the "bossy patriotic" mentality has been strengthened, and the morale of both management and labor has become stagnant. Even though the principles of the independent accounting system have been adopted in the financial aspect, NTT's finances have been controlled by the government budgetary control, NTT's business management has become rigid and formalistic, and flexible management has not been possible. Therefore, the Adhoc Council for Administrative Reforms hammered out a recommendation for turning NTT into private management on the contention that "With mere rearrangement of the current NTT system alone, effective responses are not possible. Desirable policies would first free NTT from external restrictions and interference, second establish

an independent, responsible management system, third enhance the self-awareness of labor, and fourth allow both management and labor to march toward efficiency and the development of new business."

At first, the Liberal Democratic Party (LDP)'s postal administration faction was against this recommendation. Some voiced, "It amounts to selling out to the financial circles." But, to begin with, the "Mejiro" (Kakuei Tanaka) group who controls the Ministry of Posts and Telecommunications approved the recommendation. Then LDP and the Ministry of Posts and Telecommunications as well switched to promoting the recommendation. Thus there seems to be a climate that turning NTT to private management will lead to NTT's revival. The opposition will have to be persuaded in some manner, and problem points may be exaggerated somewhat for emphasis. However, although converting NTT into private management is necessary for its revival, there will be many problems too.

When the bills are passed, the "Telegraph and Telephone Corporation" with approximately a trillion yen capitalization will be born. Some expect that when the name is changed to a private "corporation," the mentality of the employees will change from the mentality of a public corporation. But this writer does not believe that the mentality will change so drastically. After taking office, President Shindo was surprised to find the mentality difference as compared to the private sector and launched a "revolution of consciousness." But it cannot be said that it has permeated down to the lowest organs. Even among private corporations, there are many examples of large organizations with proud histories becoming bureaucratic and rigid.

If NTT joins the private group, management could contrive to have the wages raised. The corporation may not have to pay the national treasury. If the corporation does not make a profit, it need not pay taxes. The corporation could make political contributions since it is a private enterprise. In this manner, only its unfavorable aspects would surface. President Shindo may become furious, but, after several generations, an unacceptable person possibly might be appointed president, needing only the recommendation of the large shareholders (probably the government). For this reason, it appears that establishing reasonableness and distinction in management at this juncture is necessary, for example, establishing how much politics should intervene, whether or not the right of government supervision is appropriate, and how the shareholders should be structured.

Among the foregoing, some points of apprehension are as follows. One of them is the government's right to supervise. Up until now, the Ministry of Posts and Telecommunications has not had a strong voice in the affairs of NTT. Only recently in the past several years has the ministry earnestly tackled telecommunications policy. This outcome is expected considering the historical background. After the war, the Ministry of Communications was divided into two, the Ministry of Posts and the Ministry of Telecommunications. The Ministry of Telecommunications later become NTT. Therefore, naturally even though it is under the jurisdiction of the Ministry of Posts and Telecommunications, NTT still feels that the ministry acts merely as mailmen and asks, "What do those mailmen know about telecommunications?"

Probably reflecting this climate and attitude of NTT, since the inauguration of the Ministry of Posts and Telecommunications, there have been no instances when NTT has descended from its elevated heights. Everything will not necessarily be fine if the government intervenes. The current situation may have been avoided if the Ministry of Posts and Telecommunications had exercised its strong supervision or, on the other hand, it may have been better if the ministry had not intervened as much. Be that as it may, the Ministry of Posts and Telecommunications as the supervising government agency, will hold a strong power. It is a great opportunity for the Ministry of Posts and Telecommunications to control NTT and the telecommunications policy. Since NTT has to fulfill its public mission with the condition that the telecommunication business be liberalized, the ministry naturally ought to hold the right to supervise. But it should not be used as the condition to expand spheres of interest or the expansion of jurisdiction. When NTT is divided into several regions, several well-qualified company presidents will emerge. Since there are few instances of descent from heaven appointments in recent years, if new companies are used as places for the reemployment of incompetent bureaucrats, because these posts are important, the meaning of converting to private management will be lost.

#### NTT Property Belongs to the People--This Is the Point of Departure

As a second point, a similar thing can be said of politics. We have already referred to the close connections that NTT leaders have had with politicians. This is natural because the appointments of the NTT president and vice president are made by the cabinet, that is, the prime minister. But would these political connections be strengthened or weakened after NTT is converted to private management? By nature when NTT is converted into private management, such connections should become weaker. But what we must watch is the fact that politicians love to intervene when things are moving and things are tangled up. Various political moves have already been reported. Although we are not clear as to whether these moves are political interventions or not, it will be a serious problem if those sort of people should take advantage of the conversion of NTT into private management.

Thirdly, what kind of vision will NTT, the telegraph and telephone corporation, after conversion from public to private, display? President Shindo criticized NTT's lukewarm character, stressed the need for vitality and creativity and invention of the private sector, and practiced it. His power in action cannot be duplicated, no matter which financier may come into his position. Certainly President Shindo has lived up to expectations since he was handpicked by former President Toshio Doko of the Federation of Economic Organizations. But Mr Shindo's actions and words were greatly significant in examining the past and breaking down evil practices and customs. Since his days with the Ishikawajima-Harima [Heavy Industries] Mr Shindo has practiced the principle of achieving progress by breaking down established concepts. The closely packed economic ship type and the spinout operations to instill vitality in enterprise were too such examples.

Now, this will do until a telegraph and telephone corporation is created. But after that, what will be important will be to keep creating instead of



breaking up. Where should the forward-looking goals be set and what kind of enterprise should be molded? Since the enterprise is gigantic, the task will be difficult. Putting aside the question of whether Mr Shindo will be the new president of the new corporation, the question is what kind of vision should be formed after Mr Shindo has broken up the established concepts?

Then, lastly, for whose benefit is NTT being converted to private management? Converting NTT into private management ought to revitalize the organization known as the public corporation, it ought to contribute to the promotion of consumer benefits, and it also ought to contribute to the improvement of the employee living standards. The government, the supervisory government agencies, and NTT-related enterprises as well expect its revitalization. But even amid this, what cannot be forgotten are consumers and the people's viewpoint. It is the viewpoint that NTT's vast 10 trillion yen assets, too, have been contributed by the people, and that they are the people's property, made up of an accumulation of small telephone fees. Therefore, unless it becomes a private management which can be utilized by the people, it is meaningless.

#### Voices of Those Who Rushed to "Private Management" One Step Ahead

Enterprise scouting for personnel has become more and more active. But there are many who try to scout particularly for NTT personnel. It is reported that there are love letters called "request for sharing personnel" piled up at NTT.

There have definitely been many instances where NTT personnel have been recruited. Limited to the period from January to May, there were more than 10 important persons recruited (see table beginning on next page).

In this issue, as part one, we gathered the comments of those who rushed into private management one step ahead of the others. ("( )" denotes their former position with NTT)

Advisor to Daiichi Kangyo Bank, Takao Nobuzawa (director of Business Bureau), "I joined a private enterprise without any reservations. I thought that it was useless to be couped up in a capsule called NTT. I felt that some people should join private enterprises to form a group who would comment on NTT and do things for NTT from outside."

Chief Engineer at the Research and Development Headquarters of Hitachi Chemical Company, Kentaro Matsuyama (director of the Parts and Materials Research Division, Ibaraki Telecommunications Laboratory), "NTT carries out research, but it does not go into manufacturing to make money. I wanted to be challenged by more and diverse things."

Director of the Business Division of Yamato Securities, Michihiko Ito (investigator, the Technology Bureau), "If NTT was turned into private management, I thought this would mark the end of a period. The liberalization of information and finance which was talked about vaguely 10 years ago seemed close at hand. I felt the great tide of the era. At this juncture I was asked (to join a private enterprise), and I took it with a sense of fatalism.

I am going to make a sharp turn under the name of the new information revolution to enter into an unknown world. I want to participate actively in it."

Assistant to the MCN project section director of Mitsubishi Corporation, Ei Takahira (investigator in charge of research, Yokosuka Telecommunications Laboratory), "Since someone approached me with an offer, I just resigned from NTT. I have just joined a new company and I am learning. I cannot make any comments, but I want to make contributions to technology."

Technical adviser to Nisshow-Iwai, Mitsugu Iijima (investigator of the Technology Bureau), "If I had been asked to join a department store, I would have probably accepted it. I have joined a trading company as I was ordered to do. But I thought it was distasteful to remain with one company (NTT) for all my life. I wanted to do my job without restraint in the free private sector. Even if it is turned into private management, NTT will continue to be monopolistic and will hardly overcome its public corporation character."

Director of Tokyu Agency, Hakki Iida (deputy director of the Business Bureau), "An advertising agency is at the vanguard of the new media age. I want to use my experience and lead the new age."

#### NTT Activities

##### January

##### Personnel Activities

- 10 January Nippon Telecommunications Construction unofficially decided to appoint director for general affairs, Yojiro Oku, as its president-designate as of 1 February.
- 12 January It was revealed that Matsushita Electric Industrial Company had requested NTT to dispatch bureau director class personnel.
- 22 January Daiichi Kangyo Bank unofficially decided to appoint director of the Business Bureau, Takeo Nobuzawa as an adviser with the same treatment as an executive director. This was the first such appointment for the banking industry.
- 22 January With the computerization of telegrams, 9,000 employees out of 14,800 were laid off.
- 25 January Tokyu Agency unofficially decided to appoint former deputy director of the Business Bureau, Hakki Iida as an adviser or a director with the same treatment as an officer as of 1 April. This was the first such appointment for the advertising industry.
- 26 January Decision was made to promote director of the Accounting Bureau Takeshi Iwashita and director of the Research and Development Headquarters Reijiro Fukutomi to directors for general affairs. Director for general affairs Akira Nishii was expected to be appointed as president-designate of Nippon Telecommunications

Service. Director for general affairs, Tamotsu Inami, was to be appointed as director of the Telecommunications Mutual Aid Association. Eighty-one employees including bureau directors and deputy bureau directors were shifted. Toshiba unofficially decided to let director of Ibaraki Telecommunications Laboratory, Noboru Niizeki, join Toshiba.

#### Private Management Activities

- 6 January Chairman of all Japan Telecommunications Workers Union, Akira Yamagishi expressed a flexible attitude toward NTT reforms.
- 6 January Director-class personnel of the Tokyo Telecommunications Bureau underwent training as department store sales persons.
- 10 January A comprehensive administrative information system was supplied to Arakawa Ward of Tokyo Metropolis. This marked the first time for a city ward-township-village class self-governing body to adopt such a system.
- 11 January NTT decided to develop a new telegraph system jointly with IBM of the United States and Oki Electric Industry.
- 17 January NTT applied to the Ministry of Posts and Telecommunications the CAFIS of the character and pattern telephone access information network (CAPTAIN) system and credit online.
- 30 January Jointly with NTT Nippon Recruit Center launched the building of a network offering housing information.
- 30 January It was revealed that Marui, Mitsubishi Bank, Japan IBM, and AST would participate in the experiment of the INS model at Mitaka.

#### February

##### Personnel Activities

- 1 February Vice chairman of the Japan Indemnity Insurance Association, Yukihiro Fukuda, was appointed as a finance adviser.
- 1 February About 500 division and section director-class personnel were shifted. Also as of 7 February, assistant section chief class personnel were shifted.
- 21 February Nissho-Iwai announced the appointment of Mitsugu Iijima, investigator of the Technology Bureau, as a technical adviser as of 1 April.
- 27 February Nippon Steel announced the appointment of Kenji Yokoyama, investigator at Atsugi Telecommunications Laboratory, as a principal researcher at its Central Research Headquarters.

#### Private Management Activities

- 4 February The Ministry of Posts and Telecommunications completed a bill for regulating NTT fundraising. The limit of the debenture issuance was to be four times the amount of capital.
- 8 February NTT established the Management Innovation (MI) Committee to study management after NTT came under private management.
- 12 February The entire content of the Telecommunications Business Law drafted by the Ministry of Posts and Telecommunications was disclosed. The establishment of a private telecommunications corporate was encouraged.
- 15 February The outline of the Japan Telegraph and Telephone Corporation Law bill was disclosed. Its business is limited to domestic telecommunications, but it is allowed to handle the value added network (VAN) service, too. Also, the government is required always to hold more than 50 percent of the shares.
- 15 February It was decided to notify details of telephone charges to those who desire in the Tokyo and Yokohama areas beginning in June.
- 17 February NTT proposed a "port-city INS" to Tokyo Metropolis, which is designed to connect Tokyo Port with the heart of the city with network.

#### March

##### Personnel Activities

- 2 March Former director of NTT's New York Overseas Office, Takenobu Tanno, joined Mitsui and Company as a technical adviser. Former director of the Engineering Division of Musashino Telecommunications Laboratory Keizo Aoyagi joined Y.E. Data as a managing director. Former investigator in charge of research at Musashino Telecommunications Laboratory Masahiko Ito and former investigator in charge of research at Yokosuka Telecommunications Laboratory Tsuyoshi Takahira joined Mitsubishi Corporation as assistants to the director of the MCN project. Former investigator in charge of research at Musashino Telecommunications Laboratory Haruo Kato joined Tokyo Electric Company as director of the Second Research Bureau of the Technology Laboratory. Former investigator in charge of research at Atsugi Telecommunications Laboratory Kenji Kajiyama joined Nippon Steel as a principal researcher of the Central Laboratory. Former investigator in charge of research at Atsugi Telecommunications Laboratory Osamu Nakayama joined Sumitomo Metal Industry as senior researcher at the Central Technology Laboratory. Former director of the Parts and Materials Research Division of Ibaraki Telecommunications Laboratory Kentaro Matsuyama joined Hitachi Chemical as chief engineer at the Research and Development Headquarters.



- 7 March      Former director of the Fifth Data Division of the Data Communications Headquarters, Ichichi Koko, joined Canon Sales Company as director of the System Planning Division of the Office Machine Planning Headquarters.
- 9 March      Section director-class engineers from the Data Communications Division of Kyushu Telecommunications Bureau were dispatched to Nagasaki Prefectural Government. This was the second time for a self-governing body following the case of Kumamoto Prefecture in July 1983.

#### Private Management Activities

- 5 March      The Ministry of Posts and Telecommunications completed the drafting of the Japan Telegraph and Telephone Corporation Law and the Telecommunications Business Law.
- 7 March      President Shindo disclosed a cautious attitude toward advance into the manufacturing sector after NTT was changed into private management.
- 7 March      Chairman of All Japan Telecommunications Workers Union criticized the NTT reform bill drafted by the Ministry of Posts and Telecommunications as seriously limiting the capability of personnel concerned.
- 9 March      The Policy Ideas Forum demanded that the new telegraph and telephone corporation separate the data communication sector and that all regulations regarding VAN be abrogated.
- 9 March      It was revealed that a venture business group, including Kyoto Ceramics, Sony and Ushio Electric would establish a second telegraph and telephone corporation.
- 13 March     The Federation of Economic Organizations announced its support of the Ministry of Posts and Telecommunications bills for NTT reforms.
- 13 March     Prime Minister Nakasone disclosed at the House of Representatives budget committee hearing that the participation of foreign capital in the VAN business would be liberalized. At the same committee hearing, President Shindo stated, "Even with the liberalization of VAN, we are confident of defeating foreign capital."
- 21 March     LDP consolidated NTT reforms bills by requiring large VAN to report and by abolishing the restrictions of foreign capital. LDP also agreed to stipulate the government holding of the new telegraph and telephone corporation shares to two-thirds by stage.

28 March It was disclosed that NTT, jointly with Keio-Teito, would experiment by the spring of 1985 the natural graphics videotex along Keio line.

#### April

##### Personnel Activities

- 1 April Former investigator in charge of research at Musashino Telecommunications Laboratory was appointed professor of the Engineering Department at Nagoya University. Former director of the Business Bureau, Takeo Nobuzawa, and former director of the Data Communications Headquarters of Kinki Telecommunications Bureau, Toshioki Shibayama, joined Daiichi Kangyo Bank as advisers. Former deputy director of the Business Bureau, Hakki Iida, joined Tokyu Agency as a director. Former investigator of the Technology Bureau, Yoshihito Miyagi, joined Japan IBM as a director of the Telecommunications Industry Division of the Public Works Development Division.
- 12 April Former investigator of the Technology Bureau, Michihiko Ito, joined Yamato Securities as director of the Business Bureau.
- 22 April Nippon Koinco appointed former director of the Tokyo Long-Distance Telephone Bureau, Yoshiyuki Iwao, as an adviser in charge of development.
- 27 April Kyowa Bank appointed as adviser, Mr Takao Nakayama, full-time director of the Japan Information Processing Development Association and former deputy director of the Data Communications of NTT.

##### Private Management Activities

- 1 April Purchase of heavy electronics switchboards (heavy digital PBX) from Northern Telecom was decided after rejecting domestic makers.
- 4 April NTT, jointly with Nippon Electric, developed a simplified CAPTAIN system for enterprises and self-governing bodies. President Shindo disclosed his intention of raising local telephone call charges.
- 4 April Two telecommunications reforms bills (The Japan Telegraph and Telephone Corporation Law bill and the Telecommunications Business Law bill) were settled between the government and LDP. The hard-going VAN service was settled as requiring reporting, but it was to be reviewed in 3 years.
- 5 April NTT finalized its policy for entering sophisticated VAN service, and disclosed that it would undertake the research and development of the tentatively entitled information distribution system (IDS) project.

- 6 April Musashino Telecommunications Laboratory designed "DFM," the first fifth generation computer by NTT. This is capable of high-speed processing of programming languages for artificial intelligence.
- 12 April NTT announced 1984 telegraph and telephone construction plans. The total investment is 1.71 trillion yen. Rapid increase for INS was conspicuous.
- 15 April The Ministry of Construction firmly decided the policy for establishing a second telegraph and telephone corporation with government-private sector cooperation.
- 18 April President Shindo announced the reducing of long-distance telephone call charges.
- 25 April Vice President Kitahara suggested a possibility of purchasing an American communication satellite after NTT was changed to private management.

#### May

##### Personnel Activities

- 17 May Kyoto Ceramic unofficially decided for the appointment of director of the Information Planning Headquarters, Kosel Chimoto, as a director.

##### Private Management Activities

- 10 May In Okinawa, too, the idea of establishing a second telegraph and telephone company was disclosed. The name of the new company is Okinawa Information Communications Service. Managing director of Kuniba-gumi, Koichiro Kuniba, is expected to be appointed president.
- 10 May Three telegraph and telephone reform bills were introduced for deliberation at the House of Representatives. Ministers of Posts and Telecommunications announced, "The data communication headquarters should be separated."
- 11 May The Ministry of Posts and Telecommunications approved the CAPTAIN system.
- 14 May Five companies, Kyoto Ceramic, Sony, Ushio Electric, Secom and Mitsubishi Corporation officially announced the inauguration of a preparatory company for establishment of a second telegraph and telephone company.
- 15 May The first regional INS structure was agreed in Oita Prefecture.
- 22 May NTT launched a corporate identity program called "BRAINS" for the dissemination of regional INS.

- 24 May JNR firmly decided for the policy of participating in the telecommunications business with 1988 as the target. This would intensify the initiative in the second telegraph and telephone corporation.
- 24 May NTT's surplus for 1983 reached 340 billion yen. This was 2.6 times as much as the budget forecast. For the past 7 consecutive years since 1977 the surplus surpassed 300 billion yen per year.
- 27 May NTT decided for the establishment of an international business specialist company, Japan Telegraph and Telephone International (NTTI), to launch its strategy for the world telecommunications market.
- 30 May NTT would establish a telephone card company, TELECA, as of 1 June. President of Japan Communications Service Company Teruo Takada would take office as president.
- 31 May The Kyoto Ceramic Group established a "Second Telegraph and Telephone Planning." President of Kyoto Ceramic, Kazuo Inamori, would take office as chairman, vice president of Kyoto Ceramic as president, director of Kyoto Ceramic Information Planning Headquarters, Kosei Chimoto, as managing director.

#### Notes on Covering the Story

There was a strong comment, "This is not a television or a newspaper. Therefore, it would be too much to do a simultaneously progressing documentary in a monthly publication. Be that as it may, we thought it was necessary to trace the moves of NTT."

Since we are carrying along series features, and since NTT will "disappear" by the end of next March, we believe that these pages that arrange daily events and relaying them to readers would play the role of maps for learning geography and the role of a chronological table for learning history.

Then, in what format do we deliver it to readers? One would be a table. But that is not adequate. Then some ideas came to our mind, such as, "What if we annotated the table?" "What if we reported on the most important themes out of the table?"

A monthly journal would be valuable compared to newspapers or a weekly journal because of its in-depth and comprehensive viewpoint which cannot be handled overnight. Also it would be valuable because of coverage in one stroke of materials, records and reporting materials.

There may be several different methods. But since we branched it a "simultaneously progressing documentary," we should follow the moves of NTT with a method that can produce an eyewitness feeling. As a first step we thought up an article with emphasis on commentary. (K)

Personal Connections of 59 NTT Officers Dispatched to Listed Enterprises  
(Communications Related Part)

The Communications Equipment Industry as the Recipient of Descents From  
Heaven, NTT

This is a new media age led by the information network system (INS). The "enterprise" that represents this age is Nippon Telegraph and Telephone Public Corporation. Not only its former image as a "patriotic monopoly business agency" is becoming obscured with the emergence of a "second telegraph and telephone corporation," but also its influence over the communications equipment industry which has been called the NTT family and to which NTT has continued to display its bossy authority has begun to be shaken to some extent. With this, a great change is anticipated in the old boy personal connections which have been made with the descent from heaven, NTT, personnel appointments. It may be said, instead, that a new era when real capability is once again asked for may enter.

As a leading item in administrative reforms the turning of NTT to private management has been now proposed as a government policy. Since its inauguration, NTT has been a monopolistic business agency started on the major principle that "telecommunications is involved in national security and the communications business should be government-operated." Its legal underpinnings, the Public Telecommunications Law, the Telegraph and Telephone Public Corporation Law, and all other related laws are going to be changed drastically through deliberation in the Diet.

When NTT is changed to private management, the largest and strongest civilian enterprises in our country will be born. Because not only does NTT aim at the key business in the information age called telecommunication business, but also, as the largest enterprise, it has a vast number of employees throughout the nation, it is the source of large number of votes for politicians.

For this reason, aside from the viewpoint that it is a public corporation, it is said that expectations of political parties and factions have been entangled with the appointments of top personnel, officers and managers, with the result that a "gigantic pyramid" of personal connections has been built not only within NTT but also with the political and financial circles.

To take only one example of the appointment of the president, persons with experience other than management cannot be appointed. The highest position that persons with the engineering background can attain is that of the chief engineer. Such an unwritten law has been regularly practiced for a long time.

Also, a sense of rivalry is strong regarding seniority among those of the same class year, as is peculiar to public enterprises. Those who fail to be appointed to bureau directors in due time, to directors for general affairs, and to officers, are often retired before the age limits and they begin a second life. And in this way, many instances of descents from heaven appointments, are represented by those who seek such a new heaven.



The communications equipment industry has become an arena for such NTT old boys not only to utilize their past experience, but also to contribute to and serve their respective enterprises following their spin-out by taking maximum advantage of the NTT climate for respecting the senior-junior personal connections.

The "close connections" between NTT and the communications equipment industry called the NTT family is observable in the peculiar structure of transactions where over 70 percent of communications equipment is supplied to NTT. At the same time instances where the communications equipment industry, which has become the receiver of such appointments, has successively appointed to its management ranks NTT old boys who are familiar with the trends of NTT and who receive high marks for their management ability.

Communications equipment makers are led by four major companies, Nippon Electric, Fujitsu, Oki Electric Industry and Hitachi. These are followed by middle-ranking Iwatsu Electric, Nitsuko, Anritsu Electric, Tamura Electric Works, Meisei Electric, Daiko Electric Works, Nakayo Communications Equipment, Kanda Communications Industry and Takamizawa Electric Works. Besides, Nichiho Communications Industry, a direct affiliate of Hitachi, and Matsushita Communications Industry, which has built up its position in dealing with regional communications bureaus while drawing a line between it and NTT, are known in the industry.

Among these major and middle-ranking manufacturers, no enterprise has not hired NTT old boys. Especially, Hitachi and Matsushita Communications Industry, which had consistently refused to employ NTT old boys, too, began to employ them beginning at the time of tightening orders for materials following the NTT crisis of deficit management after the oil crisis. Thus, these firms opted for an operation to take advantage of "personal connections" as a measure to secure the quantities of transactions with NTT in the telegraph and telephone business sector. Since then, almost all enterprises have fought battles for recruiting qualified persons who are discharged at the time when NTT announces personnel shifts every year.

Company	Name	Date of birth Last school attended	Current position	Year joined, positions held after joining	Year joined NTT, main positions held	Brief remarks
Hitachi, Limited	Susumu Ise	15 Nov 23 Tokyo U. Engineering	81, executive director	75, joined 76, director 79, managing director	45, joined Ministry of Communications 71, director of General Division, Data Com- munications Hqs	Hitachi is one of the nuclear companies among the "NTT family." It is at the top as a general electric equipment maker. Its semiconductor and electronics calculator divisions have achieved growth. In re- sponse to NTT's change to private manage- ment, it will launch a VAN business.
Nippon Electric Industry	Kyunosuke Kawamoto	27 Jun 31 Kyushu U. Engineering	81, director	76, director of Elec- tric Charge Busi- ness Bureau 78, deputy director of Research and Development Hqs 79, director	55, joined NTT 74, director of Power Section, Maintenance Bureau	Nippon Electric Industry is a heavy elec- tric equipment maker of the Nippon Electric group, with emphasis on power source. Nippon Electric, with 34.6 percent of shares, is the leading shareholder. It is leaning toward information-related busi- nesses. But more than 300 million yen cumu- lative deficit appears to grow. Former chairman Toshio Inoue retired to become a consultant this June. He is an NTT old boy who served once as director for general affairs. This company is attempting the revitalization of its management group.
Origin Electric	Kazuo Sakai	8 Nov 25 Tohoku U. Engineering	79, president	74, managing director	48, joined Ministry of Communications 71, director of Kobe Urban Management Division	From its concentration on rectifiers, it is diversifying broadly into paints and welders. It is focusing on strengthening its semiconductor and bearing divisions. Its orders for energy-saving welders are steadily increasing. Until now this com- pany has continued to pay no compensation.
Sanyo Electric	Isamu Tono	12 Jun 24 Kanazawa College of Engineering	81, director	80, director of Re- search and Devel- opment Hqs	47, joined Ministry of Communications 78, director of Power Section, Facilities Bureau	Sanyo is a middle-ranking small precision motor maker noted for its steady and sub- stantive management. Its office automation equipment division is continuing to grow. For the time being it will accept orders mainly from established clients only. Its profit is covered by the mass production effect. Although it has interest in devel- oping factory automation equipment, its hands are full with demand from office auto- mation related clients.

(continued)

Company	Name	Date of birth Last school attended	Current position	Year joined positions held after joining	Year joined NTT, main positions held	Brief remarks
Nippon Electric	Masane Yamauchi 15 Nov 21 Tokyo U. Engineering	82, executive director	81, joined	45, joined Ministry of Communications 77, director 79, director for general affairs, concurrent- ly chief engineer	45, joined Ministry of Communications 77, director 79, director for general affairs, concurrent- ly chief engineer	Nippon Electric is a nuclear company among the "NTT family." Its consultant Kenji Ogata, is an NTT old boy. It is an inter- national general electronics maker with its semiconductor production ranked as the world's second. A member of the Sumitomo Group
Oki Electric Industry	Toshio Takahashi 4 Mar 25 Hokkaido U. Engineering	83, managing director	83, joined	79, managing director	50, joined Ministry of Telecommunications 75, director of Data Com- munications Hqs 82, director 53, joined NTT 76, director of Basic Switch Research Division, Musashino Telecommunications Laboratory	Oki Electric is a nuclear company among the "NTT family." It is a major communi- cations equipment maker, with its strength in information terminals. It is currently concentrating on semiconductors. Its ex- ports of terminals and printers are steady- ly growing. It expects to overfulfill its targeted orders of 315 billion yen. Its orders for car telephones for 1984 are forecast for 100 billion yen.
Iwatsu Electric	Shinji Hayashi 20 Jan 20 Tokyo U. First Engineering	79, president	69, managing director 69, executive director 76, vice president	81, deputy director of Technology Hqs	46, joined Ministry of Communications 68, director of Chugoku Telecommunications Bureau	It ranks fifth among communications equipment makers. But it holds the top position as the telephone equipment sup- plier to NTT. In its exports, push- button telephones are growing beyond expectation. For 1984, too, its exports to the United States are expected to con- tinue to grow. It can hope for stability and expansion following its aggressive development of the precision measuring instrument and electronics type-founding sectors. But its responses to NTT's change to private management will become urgent from now on.
	Takuya Watanabe 20 Apr 26 Tokyo U. Second Engineering	84, executive director	79, adviser 79, managing director	48, joined Ministry of Communications 77, director of Central Telecommunications School		
	Isutomo Takezawa 26 Sep 28 Tokyo U. Law	84, managing director	79, director of Business Division, Dentsu 80, director	53, joined NTT 76, deputy director of Management Research Section		

[continued]

[Continuation]

Company	Name	Date of birth	Last school attended	Current position	Year joined positions held after joining	Year joined NTT, main positions held	Brief remarks
Nitauko, Limited	Iwao Awaishi	21 Apr 22	Tokyo College of Engineering	73, managing director	70, director	45, joined Ministry of Communications 68, director of Technical Cooperation Division	Nitauko is a major telephone equipment maker. Nippon Electric has acquired 34 percent of shares to become the leading shareholder. Nitauko has pioneered the export of electronic pushbutton telephones. Last year its exports of pushbutton telephones to the United States showed a sudden increase. Its major clients in sales are NTT, Nippon Electric and TTE.
	Maaya Akamatsu	9 Sep 24	Waseda U. Science and Engineering	77, director	75, director of Communication Equipment Division	51, joined Ministry of Communications 72, director of Oremachi Telephone Bureau	
Denki Industry	Osamu Ishihara	24 Sep 24	Tokyo U. First Engineering	81, president	79, adviser 79, vice president	47, joined Ministry of Communications 77, director of Kanto Telecommunications Bureau	This firm specializes mostly in manufacturing and installation of heavy communications antennae. For the last half of 1983 its contracts for NTT works were reduced. In its financial aspect, it will start repayment of long-term loans. This company should be noted for its potential in the cable television (CATV) and car telephone sectors. Its main clients in sales are Nippon Electric, NTT and NHK.
	Kunio Saburi	13 Oct 24	Tohoku U. Engineering	77, managing director	71, adviser 71, director	47, joined Ministry of Communications 67, director of Urawa Telegraph and Telephone Bureau	
Sanken Electric	Shiro Goto	14 Nov 24	Tohoku U. Engineering	77, executive director	73, director 74, managing director	47, joined Ministry of Communications 71, director of Niigata Telecommunications Division	Its two main divisions are power equipment and semiconductor (integrated circuits, transistors and diodes). Its main bank is Saitama Bank, and Mr Iwasaki Matsumoto, president of Sanken Electric, is a former president of the bank.
Toyo Communication Equipment	Tsuneshiro Kurakata	4 Apr 23	Keio U. Engineering	82, managing director	72, joined 74, director	47, joined Ministry of Communications 69, director of Tokyo Radio Communications Division	This is a major crystal equipment maker. It is expanding in the information-related sector. Its exports of car telephones to the United States are on a full scale. Nippon Electric holds 42.6 percent of shares. President Takeshi Kawabashi once served as vice president of Nippon Electric. Director of Radio Wave Business Division, Mr Genichiro Hattori, and Mr Soichiro Kanbayashi, director of Radio Wave Business Division, have been promoted to new directors. Its main clients in sales are NTT, the Defense Agency and Nippon Electric.
	Shigeharu Yamada	1 Mar 24	Tokyo College of science	82, managing director	62, joined 73, director	41, joined	

[continued]

[continuation]

Company	Name	Date of birth Last school attended	Current position	Year joined positions held after joining	Year joined NTT, main positions held	Brief remarks
Daikoku Electric	Chikamasa Urakawa	23 Nov 18 Tohoku U. Engineering	73. president	73. vice president	41. joined Ministry of Communications 71. director, and director of Planning Bureau 72. director of Kanto Telecommunications Bureau 45. joined Ministry of Communications 74. director for general affairs 80. vice president of Nippon Electric	This is a leading telephone and telephone parts maker. Its exports of pushbutton telephones to the United States will be on a full scale. NTT old boys occupy top positions. It is brilliant also in the field of meteorological equipment, and is stable in that field. Chairman Shigeru Takama has acquired 15.1 percent of shares to become the leading shareholder. Its main clients in sales are NTT, Meteorologi- cal Agency, and Nippon Electric. Its main bank is Tokai Bank.
	Kenji Ogata	9 Oct 17 Tohoku U. Engineering	78. director	78. joined		
	Kiyoharu Mateyama	27 Nov 22 Hokkaido U. Engineering	82. managing auditor	69. managing director	45. joined Ministry of Communications 66. director of Kagoshima Communications Division 68. investigator of Tech- nology Bureau	
	Tatehiko Osada	10 Jul 24 Tokyo U. Second Engineering	83. president	81. adviser 81. vice president	46. joined Ministry of Communications 74. director of Kyushu Telecommunications Bureau 77. director for general affairs	Daiko is a middle-ranking telephone and residence device manufacturer. It is strong in residence telephones. Former chairman and current adviser Daisuke Higo is also an NTT old boy. Chairman Umesaburo Furukawa is the founder, but he now belongs to the Oki Electric Group. Executive director Susumu Furukawa is his son. Its main clients in sales are NTT, Oki Electric Industry and Chunichi Electric. Following its electrification, fuel costs have been increased, and development and sales expenses have been piled up. Its profit has stopped grow- ing.
Masao Abc	Masao Abe	2 Jan 26 Tokyo College of Engineering	71. director	70. chief engineer	48. joined Ministry of Communications 67. director of Inspec- tion Standards Sec- tion, Inspection Division	
	Yasuo Tomita	7 Mar 26 Tokyo College of Engineering	81. director	74. investigator in charge of parts development, Equipment Tech- nology Division	49. joined Ministry of Communications 73. general investigator of Technology Cooper- ation Division, Musa- shino Telecommunica- tions Laboratory	

[continued]



[continuation]

Company	Name	Date of birth Last school attended	Current position	Year joined positions held after joining	Year joined NTT, main positions held	Brief remarks
Takamizawa Electric	Michitaka Shimizu	31 Mar 23 Tokyo U. Engineering	77, president	77, adviser	44, joined Ministry of Communications 74, director of Kanto Tele- communications Bureau 77, director	This firm is a powerful relay for communi- cation equipment maker. It is also strong in small all-purpose relays. It has prospects for rapid expansion in pushbutton telephone and video tape recorder (VTR) exports. It is stepping up production systems of affiliated firms. Fujitsu is the leading shareholder (37.1 percent). This June Mr Gi Sekizawa, former director of Switch Business Headquarters of Fujitsu, was appointed a new director. This was a replacement appointment following the retirement of managing director Tsunahiko Hashimoto of Fujitsu as a director. Its main clients in sales are NTT, Nitsuko and ITT.
	Sumio Yagashira	29 Sep 26 Kyushu U. Engineering	82, managing director	82, adviser	48, joined Ministry of Communications 72, director of Switch Research Division, Musashino Telecommu- nications Laboratory	
	Akiharu Miishi	30 Mar 27 Tohoku U. Engineering	73, director	73, joined	75, assistant to director of Communications Business Hqs, Fujitsu	
	Hiroo Katayama	16 Jan 32 Hokkaido U. Engineering	82, director	82, adviser	53, joined Ministry of Communications 71, investigator in charge of research Musashino Telecommu- nications Laboratory	
					53, joined NTT 79, director of Telecom- munications, Kanagawa Prefecture	
	Akira Ohara	9 Aug 26 Waseda U. Science and Engineering	84, president	82, executive director	50, joined Ministry of Telecommunications 79, director of Kanto Telecommunications Bureau 81, director	Tamura Electric is a leading public tele- phone maker. It is also a top-ranking tape counter maker. It is also developing pushbutton telephones and information equipment. As former president Shigeru Mizoroki, a postal administration old boy, handed over presidency to an NTT old boy, Akira Ohara, this was called the "restoration of power." Top ranks were occupied by NTT old boys in the past. Last year the internal struggle between Mr Makoto Uchida, a career man and an able executive director, and the Tamura family came to the fore. Mr Uchida was unfor- tunately dismissed. Its dependency on NTT is 40 percent. Nippon Electric and Oki Electric are leading shareholders.
	Yasuhiko Mihara	15 Sep 26 Tokyo College of Engineering	75, director	73, joined	48, joined Ministry of Communications 72, investigator of Re- search and Develop- ment Hqs	
	Joji Iiida	11 Dec 21 Nagoya U. Engineering	82, managing auditor	69, director 71, managing director	68, director of Marunou- chi District Control Division	

Continued

[continuation]

Company	Name	Date of birth	Current position	Year joined positions held after joining	Year joined NTT, main positions held	Brief remarks
Kanda Communications Industry	Hiroshi Ikeya	28 Sep 26	82, president	77, director of Telegraph and Telephone Business Division	50, joined Ministry of Telecommunications 72, deputy director of Technology Bureau 75, director of Data Communications Hqs, Tokyo Communication Bureau	This firm is shifting its emphasis from telephones to residence appliances and control systems. Bulk of its exports consists of pushbutton telephones and telephone answering machines. About 50 percent of officers are NTT old boys, led by President Ikeya. A member of the Fujitsu Group. Its main clients in sales are NTT, Fujitsu, Nippon Electric. Its main bank is Sumitomo Bank.
	Nobuo Yamato	30 Aug 25	81, director	75, deputy director of Technology Development Hqs	45, joined Ministry of Communications 72, investigator of Technology Bureau	
	Yasushi Matsuzaka	21 Mar 34	84, director	84, joined	56, joined NTT 80, director of Planning and Control Section, Yokosuka Telecommunications Laboratory	
	Juichi Shiina	15 Jan 19	81, managing director	68, director	43, joined Ministry of Communications 68, Investigation Bureau, Technology Bureau	
	Masatsugu Otani	4 Jun 11	74, auditor	74, joined	38, joined Ministry of Communications 63, director of Construction Bureau 66, director 68, president of Sanwa-Daiel Industry	
Nakayo Communications Equipment	Etichi Itoi	28 Feb 27	77, vice president	77, adviser	50, joined Ministry of Telecommunications 75, director of Inspection Division	Nakayo is a middle-ranking telephone and switch machine maker. Hitachi, Limited is the leading shareholder with 22.2 percent of shares. In 1983, the sales of its main product, electronic pushbutton telephones, to Hitachi and through its own sales network was favorable. This trend seems to continue this year, too. Its dependency on NTT is about 40 percent. Its main clients in sales are NTT, Hitachi and Nakayo Electronic Service
	Koshiro Hanawa	4 Oct 24	74, director	74, deputy director of Development Hqs	48, joined Ministry of Communications 72, director of Electronics Device Research Division, Musashino Telecommunications Lab	
	Tateuro Matsumae	19 Feb 27	77, director	75, auditor	51, joined Ministry of Telecommunications 61, assistant professor of Tokai U. 77, vice chairman of Board of Directors, Tokai U. 80, vice president of Tokai U.	

[continued]

[continuation]

Name	Date of birth	Current position	Year joined	Year joined NTT,	Brief remarks
Last school attended	positions held after joining	main positions held			
Company					
Japan Radio Company	Masamichi Watanabe 21 Jun 26 Nagoya U. Engineering	82, managing director	77, joined 79, director	51, joined Ministry of Telecommunications 75, director of Composite Transmission Research Division, Yokosuka Telecommunications Laboratory	It has a base for ocean vessel related and defense related radio communication equipment. It is currently diversifying into various types of control system. It belongs to the Nisshin Spinning Group. Its main clients in sales are Mitsubishi Electric and Defense Agency.
Adachi Electric	Toshihiko Saijo 6 May 23 Tokyo U. Second Engineering	83, chairman	83, joined	45, joined Ministry of Communications 64, director of Radio Section, Facilities Bureau 81, managing director, Nippon Electric	With its emphasis on communication equipment and measuring instrument, it is broadly diversifying in the electronics equipment field. Nippon Electric is the leading shareholder (25.1 percent). It has established a system of two executive directors and four managing directors, and is strengthening its management system.
Nokusa Electric	Junichi Tanaka 28 Dec 30 Hokkaido U. Engineering	79, managing director	79, joined	53, joined NTT 77, director of Micro Radio Section	With its emphasis on radio communication equipment, it is entering the information equipment field. It is prominent also in semiconductor manufacturing devices. Hitachi, Limited is the leading shareholder (21.0 percent). It is manufacturing car telephones on a full scale.
Tohoku Metal Industry	Jun Jinguji 16 Jan 30 Kyushu U. Engineering Yuzo Otani 8 Sept 25 Kyoto U. Science	81, managing director 77, managing director	81, joined 71, director 76, full-time advisor	See Oki Electric 48, joined Ministry of Communications 64, director of Magnetic Materials Research Section	This is a major manufacturer of ferrite for communication equipment. It is strong in noise-preventing magnetic devices. It is rapidly completing magnetic devices. Nippon Electric is the leading shareholder (43.5 percent). Its sales to Nippon Electric is more than 15 percent of the gross sales. Chairman of the Board of Directors Hiroshi Inoue and president Masanori Kogo are both NTT old boys. Its main clients in sales are Nippon Electric, Fujitsu and Alps Electric.
	Katsuo Hagimoto 8 Aug 28 Tokyo College of Science	81, director	79, joined	49, joined Ministry of Communications 59, joined Nippon Electric 78, deputy director of Electronics Device Sales Division	

[cont'd. and]

[continued]

Company	Name Date of birth Last school attended	Current position	Year joined positions held after joining	Year joined NTT, main positions held	Brief remarks
Trio	Hanji Kotoji 2 Mar 12 Tokyo U. Engineering	79. director	78. joined	54. joined NTT 78. investigator in charge of research, Yokosuka Telecommuni- cations Laboratory	It ranks second in sound equipment. It is strong in amplifiers and tuners. Its overseas brand is Kenwood. Mr Kazuyoshi Ishizaka, president, was formerly with the Bank of Japan. Its relations with NTT are sparse.
Tamuta Seisakusho	Hideo Yasuda 27 Jul 29 Waseda U. Science and Engineering	79. managing director	78. director of Communication Equipment Sales Division	53. joined NTT 76. director of Tokyo Carrier Communication Division, Kanto Tele- communications Bureau commemorative dividend payment. Its main clients in sales are NTT, NKK and Japan Victor.	This is a leading manufacturer of low fre- quency and high frequency transformers for weak current. On the occasion of the 60th anniversary of its founding, it increased communications Bureau commemorative dividend payment. Its main clients in sales are NTT, NKK and Japan Victor.
Matsushita Communication Industrial	Yoshinari Tomaru 10 Mar 26 Nagoya U. Engineering	84. managing director	80. director	48. joined Ministry of Communications 78. deputy director of Research and Devel- opment Headquarters, Yokosuka Telecom- munications Labora- tory	With its emphasis on video and audio equipment, it is diversifying into the information and communication fields as well. A subsidiary of Matsushita Elec- tric Industrial. It is continuing favor- able sales of pushbutton telephones among communications equipment.
Shindengen Electric Manufactur- ing	Dentoku Kumagai 5 Sep 21 Tokyo U. Law	84. execu- tive director	76. managing director	44. joined Ministry of Communications 71. director of Ibaraki Telecommunications Laboratory 74. deputy director of Research and Devel- opment Hqs 43. joined Ministry of Communications 64. deputy director of Personnel Bureau 65. director of Tokyo Long-distance Tele- phone Bureau	This company is getting out of its specialization in rectifiers, and is expanding into the semiconductor applied fields with emphasis on power equipment. The trend is that its sales to NTT are declining in percentage year after year. Currently, it is developing new products in communications fields jointly with NTT. Its main clients in sales are NTT, Fujitsu and Hitachi Motor.

10711000

Unclassified

Name	Date of birth	Current position	Year joined positions held after joining	Year joined NTT, main positions held	Brief remarks
Nippon Electric	Kemil Ogata 9 Oct 17 Tohoku U. Engineering	79. chairman	79. joined	See Meinel Electric	This company is a specialist manufacturer of electronic measuring instruments and measuring devices. It is also concentrating on mechatronic energy-saving equipment. It is a middle-ranking mixer in the industry. It is active in receiving orders for LSI testers and electronic measuring instruments. It is a subsidiary of Nippon Electric. Its main clients in sales are NTT, Nippon Electric and Kyushu Nippon Electric.
	Akira Suzuki 25 May 22 Tohoku U. Engineering	84. managing director	70. chief engineer	46. joined Ministry of Communications 67. director of Tokyo Controlled Telephone Repeater Station	
	Takao Kato 3 Apr 26 Yamanashi College of Engineering	81. director	54. joined 79. director of Business Control Section	47. joined Ministry of Communications	
Shiga Electric	Tsutomu Ichikawa 8 Dec 26 Tohoku U. Engineering	79. managing director	79. joined	54. joined NTT 77. deputy director of Maintenance Bureau	Its share of carrier devices is 40 percent. Its share of industrial measuring instruments is 47 percent, and its share of telemeters is 12 percent. Its dependency on NTT is extremely high. Its main clients in sales are NTT, Tokyo Electric, Toshiba. Its immediate task is the nurturing of its own soft personnel.
	Teruyoshi Mizojima 3 Jan 23 Waseda U. Science and Engineering	81. auditor	70. joined 78. investigator of Planning Section	48. joined Ministry of Communications 67. investigator of Engineering Control Section, Construction Bureau	



## Director for General Affairs-Class Persons Employed by a Major Maker, Nippon Electric

At Nippon Electric, one of the top-ranking makers, only Managing Director Masane Yamauchi, a former NTT director for general affairs and chief engineer, is serving as an officer. But Nippon Electric has continuously appointed former NTT directors for general affairs-class persons as officers. NTT old boys have occupied year after year important posts of top-ranking officers such as consultant Kenji Ogata, a former NTT vice president, Ichiro Higo who served as president of Shin-Nippon Electric (present Nippon Electric Home Electronics), and adviser Matazo Makino who was managing director and served in positions as high as vice president.

In the case of Nippon Electric, the position of one of the officers, particularly that of director or managing director, is, as a rule, occupied by an NTT old boy. Depending on his achievement, the post of vice president is promised to him. Also, even after the termination of their terms of offices at Nippon Electric, ways are arranged for NTT old boys to serve, even after their terms are completed, as adviser, and in the positions of chairman and officers of subsidiaries of this company. While a balance is maintained between NTT old boys and career personnel of Nippon Electric, a mechanism has been completed for allowing NTT old boys, too, to display their ability.

For this reason, personnel selection is strict in accepting NTT old boys. Almost all of them are top-ranking personnel such as former directors for general affairs and chief engineers. Only, for recruitment at the business bureau and research laboratory level, has a method of scouting for young or ably experienced business personnel been adopted.

During his NTT period, Executive Director Masane Yamauchi was director of the Switch Research Bureau of the Telecommunications Laboratory, then the first director of Yokosuka Telecommunications Laboratory, then served as director of the Data Communication Headquarters which is in the limelight because of its VAN and INS. He then became the chief engineer. After serving as a director for general affairs, he joined Nippon Electric in 1981, and then was promoted the following year to executive director.

He is one of the top personnel of this company in radiowave and mass switching technologies. His superiority in the development-related NTT personnel connections, including those in basic technologies is recognized. With the launching of the VAN business, the room for his activities will be expanded in the future. Some people around him expect that in the future he will be promoted to vice president.

### Top-ranking Officer Posts at Fujitsu

At Fujitsu, similarly a major maker, we find Executive Director Bunichi Oguchi.

In 1979, Oguchi was appointed a director for general affairs and concurrently the chief engineer. He served as the chief engineer one term before Executive

Director Masane Yamauchi of Nippon Electric, and was a career engineer who remained with the telecommunications laboratory throughout. When then President Shigeru Yonezawa selected him in 1973 for the post of director of the Technology Bureau, his appointment drew attention as he was picked for an important post for his engineering background alone. This reportedly had a great impact on researchers and technicians at telecommunications laboratories.

In communication technology Fujitsu is second to Nippon Electric. At the time when Fujitsu was pressed to develop new communications systems with optic communication at the center and to retrench certain areas as the first stage of its sudden plunge into computers ended, Chairman Daisuke Kobayashi and President Tokushin Yamamoto reportedly persuaded Oguchi, as a central figure who could complete technological strategy for such general communications, to join Fujitsu.

Until the end of the war Executive Director Oguchi, as a special student at Tokyo University graduate school, engaged in research on radiowave equipment, and he is known as a foremost authority on microwave research, too. During his days at telecommunications laboratories he mastered not only microwaves but also the world's highest technology in milliwave research. Also since joining Fujitsu, he has played a central role in the formulation of a long-term perspective on optic systems and new media businesses. He is highly regarded as a person generally responsible for these technologies.

The appointment of incumbent chairman, Dausuke Kobayashi, to be president of the company was the first time a person other than an NTT business personnel or an NTT old boy was appointed to that post. Kobayashi has a computer business background. The presidents for two terms before Chairman Kobayashi were both NTT old boys. Fujitsu maintains a system similar to Nippon Electric of assigning one of the officer posts to an NTT old boy. Even now when the weight of its computer business is more than one-half of the total, top-ranking officer posts are occupied by NTT old boys, although the appointment of president is separate. Oki Electric more clearly manifests its dependency on NTT.

Although incumbent President Namio Hashimoto is a career Oki Electric employee, his predecessor, former President Masao Miyake, was shifted from his former position as an NTT director for general affairs. At that time, former banker, Masaaki Yamamoto, was president. While increased investment for the computer business and semiconductor business surpassing any previous scale of Oki Electric was required, Oki Electric boldly decided to shift strategies and assign its management to a former NTT man, former President Miyake. Unfortunately, former President Miyake passed away in the middle of this planning. It is the opinion of NTT old boys that Miyake was "killed in action," exhausted in pursuit of the plan.

He reportedly moved with that kind of energy. President Hashimoto's ability has not been challenged as he followed the line laid down by former President Miyake and continued to raise the inadequate semiconductor business until it soared. And this should be specially mentioned as a good example of showing that NTT old boys are not always evaluated because of their "names."

At present Oki Electric has as officers three former NTT employees, Managing Director Toshiaki Takahashi, Executive Director Jun Jinguji and Director Mitsuhiro Kondo. One can feel the "spirit" of these three NTT old boys in not letting the "death in action" of former President Miyake be in vain. These three directors with engineering backgrounds are taking command of the surviving operations for important technological developments.

Among the three, Executive Director Toshiaki Takahashi has unusual experience. After his graduation from the electrical engineering department of Hokkaido University, he was with Nippon Electric for 3 years. Then, after resigning from Nippon Electric, he joined the Ministry of Communications. After NTT was inaugurated, he served in the Facilities Bureau and as director of the Construction Bureau. When Takahashi served in the Facilities Section, Vice President Yasusada Kitahara was his senior. Together with Kitahara, Takahashi supported the coaxial method in the "microwave-coaxial cable method controversy" at NTT at that time. He thus belonged to the coaxial method promotion faction. After Kitahara was promoted and transferred to the Kinki district, Takahashi became the leader of the faction. He is known as the person who has brought about the present wise use of the coaxial cable method.

He has an insight into the future, and he is mentioned as a candidate for the top position.

#### Executive Director Susumu Isa of Hitachi Who Won Extraordinary Promotions

Among the major manufacturers, Executive Director Susumu Isa of Hitachi, Ltd., is still reputed to have won extraordinary promotions. The late Director Yamauchi was appointed an officer from his former position as director of the Communications Business Bureau. But there is no precedent for a person joining Hitachi in mid-career from outside and becoming an executive director.

He shifted in 1975 from his position as director of the General Control Bureau of the Data Communications Headquarters. Up to that time Hitachi, Ltd., had no instance of inviting NTT old boys. Isa was the first instance and became the topic of conversation.

However, many have the strong view that at Hitachi, with intense internal competition, one's accomplishment is decisive in one's later treatment. As for Isa, his ability as a businessman was seriously questioned. At that time Hitachi, as the fourth largest supplier to NTT, was in a difficult position, especially following the sudden death of the former director of the Business Bureau Yamauchi. Isa was appointed director of the Business Bureau under many adverse conditions--orders declining, entwined with NTT's deficits and fee raises.

Up until that time, "descents from heaven" to major communication equipment manufacturers were former NTT directors or director for general affairs class personnel who almost all became officers. In Isa's case, just one step before he was to be appointed director of the General Division of the Data Communication Headquarters, he plunged into the business world. Although during his work with the Data Communications Headquarters he achieved the completion of

data communications systems for exchange among regional bank associations, his appointment naturally entailed some apprehension. Then President (current chairman) Hirokichi Yoshiyama selected Isa with the viewpoint of appointing him as a practitioner in charge of Hitachi's future communication business. And his viewpoint proved to be correct. His ability was superb. Not only did he ride out NTT's recession period, but also he encouraged the feeling that those able managers who were in NTT's management sector should switch early from NTT to the private sector.

It was reported that even when NTT was requested by leading manufacturers to provide NTT personnel for employment, NTT would not readily comply. For in many cases superior or transferred old boys would act as intermediaries, and also they had a strong desire to arrange favorable enterprises or reemployment conditions for those who wished to switch after their retirement from NTT. This feeling of camaraderie, including old boys, is also common, although in a different form, in the activity of the Telecommunications Mutual Aid Society aimed at jointly preserving the welfare and interest of NTT employees. It is probably the "family" perception that common interest in all aspects of daily life, ranging from joint procurement and the management of recreational facilities to the management of hospitals, must be collectively maintained.

#### Vast Difference in Power Between Major Manufacturers, and Middle-Ranking and Small and Medium Manufacturers.

Such perception has been clearly manifested in the past. That is, when the appointment of a successor after the death of President Tatsukichi Takahashi of Takamizawa Electric Works was not decided for a long time, and NTT was requested to dispatch a replacement, and it scrapped the decision even though it had selected a candidate for immediate transfer.

The major cause of this was reported to be that at that time the relay field which Takamizawa Electric had concentrated on was not in demand either by NTT or domestically and even though President Takahashi requested the cooperation of its parent company, Fujitsu, and its client, NTT, for orders to help solve its difficulty, and daily visited Fujitsu and NTT, the situation did not take a favorable turn and he ultimately died suddenly. It was reported that the NTT old boys also prevented the selection of a candidate because of the danger of too many hot potatoes at a company which lacked clearcut support from NTT or the parent company. After the search for the replacement was changed two or three times and the support measures for the company were assured, it took 1 year to appoint Michitaka Shimizu in 1977 as president from his former position as NTT director.

Among middle-ranking manufacturers, including the example of Takamizawa, their percentage of business supplied to NTT is extremely high compared to that of major manufacturers.

In the past, almost all major and middle-ranking communication equipment makers started as independents. But, conversely, their grouping has reached a point where their capital grouping with major manufacturers has been completed. The major cause for this is that in the postwar period NTT has consistently promoted a horizontal division of labor among middle-ranking and



major manufacturers as designated makers, and pursued the "industrial policy" for assignment priority to cooperation rather than to competition between large makers and middle-ranking makers. Because NTT adopted the principle of a "total number of orders" even during the recession to protect middle-ranking manufacturers, the result has been to deprive middle-ranking and small and medium manufacturers of the will to make investments for their own technological development in the most advanced fields leaving them to major manufacturers.

This, together with the shift from telecommunications to electronic communication, created clear qualitative differences in capability between major manufacturers and small and medium manufacturers, and accelerated the grouping of medium enterprises under major makers as a means of their survival against recession and deteriorating management.

In order to reinforce their positions, the result of their weakness in scale of business and their business base, middle-ranking and small and medium manufacturers attempted for strengthening their business through "personal connections" established with their acceptance of NTT old boys. Even of invited appointments from NTT, director for general affairs class personnel are almost all recruited by telecommunications bureau directors or bureau directors of the main office, thus selecting personnel with more business background.

It is said to be characteristic of the personnel appointments of middle-ranking makers that they show very sensitive responses to NTT policies.

In many cases of middle-ranking makers NTT old boys serve as president.

#### Presidency in Middle-ranking Makers Occupied by NTT Old Boys

President Shinji Hayashi of Iwatsu Electric, President Chikanao Urakawa of Meisei Electric, President Takehiko Osada of Daiko Electric Works, President Michitaka Shimizu of Takamizawa Electric Works and President Akira Obara of Tamura Electric Works, President Hiroshi Ikeya of Kanda Communication Industry, also President Kazuo Sakai of Origin Electric which is not called a member of the NTT family yet has records of high volume supply of parts and related equipment to NTT--all these are NTT old boys.

It is such that when a person is appointed as president of the Communication Equipment Industry Association, an organization of communication equipment makers, some say that he is heading the "NTT old boys alumni association."

Such a situation is an unusual phenomenon that cannot be found in other industries. But a middle-ranking communication equipment company officer says that "it has become even a condition for survival."

Several years ago NTT accepted President Shindo from outside. It was also a new beginning shifting to new data communication-related demands called digital communication, after the backlog of telephones had been dissolved. What President Shindo hammered out at that point was a system change of NTT



from the past telecommunications service to a new service. Similar to the government's administrative reforms, the promotion of rationalization, including organization, also brought in a new "yardstick" called the full pursuit of profit to NTT management. The past negotiated contract system for the NTT procurement of materials was changed to an open bidding system. This was the declaration for the termination of actual protection in the form of "competition with newly participating makers" in the communication equipment industry in which the designated maker system had been implemented. This was followed by the issue of turning NTT into private company to let middle-ranking manufacturers taste anew open competition for development and sales. The measure for minimizing such a storm is employing NTT old boys.

A trend for making strong pipelines to NTT by accepting NTT old boys not only as president but also as officers has become clear.

President Hayashi of Iwatsu Electric was appointed president in 1979 after putting in 10 years' training since joining the company. It cannot necessarily be said that he was a product of such an environment in the industry. After joining, he assimilated himself as a member of the industry by learning the Matsushita-school management, and drew a clear line from his "past" as he shifted from his position as director of NTT's Chugoku Telecommunication Bureau. This same company in 1984 promoted two persons, Takuzo Watanabe and Tsutomu Takezawa, to the position of executive director to form a solid trio with President Hayashi.

At Nippon Communication Industry two NTT old boys are found, Executive Director Iwao Asaishi and Director Masaya Akamatsu. Two NTT old boys with Toyo Communication Equipment are Managing Director Koshiro Kurakata and Managing Director Shigeharu Yamada. With Dako Electric Works are President Osada as well as Director Masao Abe and Director Yasuo Tomita. Similarly, at Tamura Electric Works are President Ohara and under him are Director Hiroyasu Mihara and Managing Auditor Joji Iida.

Furthermore, a total of four NTT old boys, President Michitaka Shimizu, Managing Director Sumio Yagashira, Director Akiharu Miishi and Director Hiroo Katayam, are with Takamizawa Electric. Also, as many as five NTT old boys are with Kanda Communication Industry. These are, besides President Ikeya, Director Nobuo Yamato, Director Yasushi Matsuzaka, Managing Auditor Juichi Shiina, and Auditor Masatsugu Otani.

At Tamura Electric Works, in an attempt to break up management inflexibility brought about by the clan management, a policy for revitalization by introducing outside personnel was forged. Also at Kanda Communication Industry former (late) President Watanabe forged a policy for revitalization by introducing outside personnel on the condition that pipelines with NTT would be strengthened. It is certain that, although for different reasons, companies have rapidly stepped up their scouting for NTT old boys since 1981.

While new participation outside the established family appears to be strengthened in the future, those enterprises that desire to become members of such a new family have made moves to secure NTT old boys.

A typical example is Matsushita Communication Industry. In 1980, Matsushita Electric Industrial Company recruited Yoshinari Tomaru, director of Yokosuka Telecommunications Laboratory who once served as deputy director of the Research and Development Headquarters. In the same year he was immediately appointed as director of Matsushita Communication Industry and this year has become a managing director.

In almost all cases of recruiting, the central management is given to former NTT employees. The submersed feud between the career people and the NTT old boys that has been talked about is certain to be intensified, in the name of survival of business. This has heightened the "mental stress" of businessmen in every company.

#### Factions' Interest

Tokyo ZAIKAI TEMBO in Japanese Sep 24 pp 48-55

[Article by free lance writer Masahide Ando: "The Tanaka and Nakasone Corps Wiggling in the Dark in Search of Rights and Interests in Private Management"]

[Text] The new telecommunications system centered on the new telegraph and telephone corporation with 1 trillion yen capital is a nest of rights and interests. All LDP factions, led by the Tanaka faction and including the Nakasone faction and the Komoto faction, are waging a battle in great confusion for the hegemony of the new media age. But, it must be admitted that the Ministry of Posts and Telecommunications is the citadel of the Tanaka faction. It is not too much to say that it can be controlled at will by former Prime Minister Kakuei Tanaka. In the following we will search for the behind the political scene map for activities which are expected to be developed with the Tanaka faction at the center.

The Komoto Faction Encroaching Into the Ministry of Posts and Telecommunications, the Citadel of the Tanaka Faction

(This mid June) former Prime Minister Kakuei Tanaka expressed his view on the NTT reform bills by saying that deliberation in the Diet should be carried out with discretion. This caught the Ministry of Posts and Telecommunications and those in the Diet who were concerned by surprise. Such an official as minister of posts and telecommunications, Norikazu Okuda, "carefully scrutinized" the records of Tanaka's speech. Some came up with an interpretation of his true intention. A Ministry of Posts and Telecommunications staff member commented, "In regard to the regulation of foreign capital in the value added network (VAN), which was withdrawn because of the opposition from the Ministry of International Trade and Industry, the former prime minister wanted to say that the original Ministry of Posts and Telecommunications bill which incorporated the regulation of foreign capital was better." Although the controversy was settled tentatively, this Tanaka statement and its impact have shown anew the reality that the Ministry of Posts and Telecommunications is controlled solely by the Tanaka faction. According to some political sources,

"Not only the Ministry of Posts and Telecommunications but also all other ministries and agencies are controlled by the Tanaka faction." But among them, especially the Ministry of Posts and Telecommunications imparts a strong appearance that it is controlled by the Tanaka faction. There is information circulating to the effect that the faction led by Nakasone, president of the LDP, is meddling in the affairs of the citadel of the Tanaka faction. Some view that the "former prime minister's speech" was made in an attempt to restrain such moves. But the real intention of the former prime minister could be found out only by meeting and questioning him. Yet, even if he is questioned, he would not provide the answer.

The Tanaka faction's control of the Ministry of Posts and Telecommunications is solid, but the Komoto faction is strongly clinging to its corner. It is said that when one becomes chairman of the Communications Department of the LDP, one can add 2,000 to 3,000 votes at the time of elections. It is the Komoto faction which is strongly holding that position, the chairmanship of the Communications Department, and it will not let it go.

In LDP, they refer to "gunon, nittobi and kyokuchosan." These words refer to the Military Pension League, the Japan Daily Laborers Union and the Special Postmasters Association. All these are important sources of LDP votes. It is well known that Representative Yoshihide Mori of the Komoto faction (from the third district of Chiba Prefecture) has publicly announced, "If one becomes a special postmaster, one can control at least 10 votes." As can be seen in this, the Komoto faction is making strong inroads into the Special Postmasters Association. The incumbent chairman of the Communications Department of LDP is Representative Tetsuo Kondo (from the first district of Yamagata Prefecture). Both he and its former chairman, Representative Tokuo Yamashita (from the prefecture-wide district of Sata Prefecture), belong to the Komoto faction.

But where the telegraph and telephone corporation bill is concerned, it is controlled overwhelmingly by the Tanaka faction, especially by the faction's powerful members Representative Shin Kanemaru (from the prefecture-wide district of Yamanashi Prefecture), and his friend, Representative Kazuo Tamaoki (from the second district of Wakayama Prefecture), who is chairman of the Religion and Politics Research Department of LDP. (Even though Representative Tamaoki is an independent, he leans toward the Tanaka faction.) (Representative Kanemaru is an adviser to the Religion and Politics Research Department.) These two may be said to be the representatives of the Posts and Telecommunications faction. The Tanaka faction is strong in the telecommunications field and the radiowave field. It is said that Mr Tomisaburo Hashimoto and NTT Vice President Yasusada Kitahara became close friends while Hashimoto was a member of the House of Representatives. Incidentally, as related to NTT, Mr Kenji Osano, who was known for his trusted friendship with former Prime Minister Tanaka, served as a management member of NTT until the Lockheed incident was exposed.

At any rate, the Tanaka faction and persons connected with this group have a strong influence over the Ministry of Posts and Telecommunications and NTT.

Digressing a little, the TBS Television Telecast a while back was a promotional program for former Prime Minister Tanaka. Some even criticized it as flattery on the part of TBS Television, because the former prime minister controlled interests in the radiowave distribution. Needless to say, one could say this is groundless. A certain political scientist specializing in the study of prime minister says that this involvement in interests in radiowave distribution has become a factor for pressuring on programs covering the prime minister's trial.

Even in the telegraph and telephone corporation, which is expected to be developed as a new system, a similar hunt for rights and interests is rumored. It is reported that people related to the electronics industry are making even daily visits to Representatives Kanemaru and Tamaoki.

### Permits and Approvals, the Foremost Profitable Rights

Let us review rights and interests related to the new telecommunications system.

Needless to say, foremost among rights and interests are permits and approvals. With the enforcement of the new laws, the telecommunications business will be divided into the first kind of telecommunications business and the second kind of telecommunications business. The first kind is the management of businesses with almost the same types of business managed currently by NTT, and it includes businesses related to uses of man-made satellites by the new telegraph and telephone corporation, the second telegraph and telephone corporation led by the Kyoto Ceramic group, and the Federation of Economic Organizations, and business conceived by JNR, the Construction and Highway Corporation, and electric power companies. These businesses all require the approval of the minister of posts and telecommunications. Not only businesses, but also fees to be charged require approval.

The second type of telecommunications business is that of renting communications circuits held by the holder of the first type of telecommunication business. This is divided into the special second type (large-scale VAN) and the general second type (small and medium enterprise VAN). The special second type requires registration, and the general second type requires reporting.

In terms of business form, the first type naturally involves interests called permits and approvals. The special second type may not be restricted, requiring permits or approvals, but it has the potential of becoming a source of interests.

According to an incumbent member of the House of Representatives, "We do not make open demands on public administrative offices. But, when we receive requests from our supporters to expedite processing with government and public offices and for assistance in obtaining permits and approvals, we go so far as to telephone agencies concerned to request their 'favorable review.' Even with that much effort alone, pending matters can be expeditiously processed."



In that case, needless to say, behind the scenes money known as political contributions is involved.

Let me describe what I actually witnessed at a certain representative's office.

Although the contents of the matter were not clear, a telephone call from outside was received by the representative's secretary who in turn relayed the call to the representative. Either the matter was extremely complicated or the representative had not received a political contribution from the caller and he cast an extremely unpleasant expression toward his secretary.

"Why did you tell him that I was in?" "I am sorry." "I can't help. Anyway, connect the caller." After this exchange, the representative took the call. His sulky expression instantly disappeared and his tone of voice turned soft. "I think the matter will take a little longer. What? Is that so? What? Are you saying that you will make a political contribution? That is gratifying. Then, please talk to my secretary about the political contribution. Yes, I understand. I will talk to the government office and ask them to handle it favorably. Thank you."

Even if it takes the form of a political contribution, it is almost bribery.

Thereafter the representative probably telephoned the concerned government office to pressure it.

Although I did not witness it, the representative smiled after he finished talking on the telephone and said, "I can receive a political contribution just by asking them to favorably review it." This may not be a big deal and it may be called interest. But the new system of the telegraph and telephone business may be said to create a source of unprecedentedly huge rights and interests.

What we mention next may be called bribery rather than rights and interests. That is, arranging the supplying of materials to NTT. It is to receive a reward in the form of a political contribution for offering good offices.

Since the new telegraph and telephone corporation will have communication circuits and almost all its INS networks will have been completed before NTT ceases to exist, these will not become sources of large interests. But if permits and approvals for the newly participating companies in the first kind of telecommunication business are arranged on the condition of designating suppliers, this will become big rights and interests.

#### Stocks Are the Most Profitable Business for Representatives

Other matters that one can think of are related to stocks. The new telegraph and telephone corporation is estimated, as of now, to be a 1 trillion yen capital business. The question is how its capital will be issued.

The government (Ministry of Finance) share of the new telegraph and telephone corporation stocks is to be more than one-third. But, when and how much stocks will be issued?



Securities companies (the four major groups) say, "If we assume the capital to be 1 trillion yen, unless they issue one half of it, 500 billion yen, gradually, over a 10-year period, funds or securities companies will become rigid and they will not be able to do anything." But as the Ministry of Finance is in financial difficulty, it will not favor such an easygoing idea.

The public subscription of stocks requires the deliberation and approval of the Diet. It is sufficiently conceivable that a certain representative who has close contact with the securities industry makes moves in response to the intention of the industry. Or it is possible for a member of the Diet's Communications Committee to add his request on the offering of stocks.

A certain executive of the four major securities companies showed me the trick.

"To be certain, NTT is a government agency. Even if it is changed to private management, its character will not be changed. It is customary with the government agency that it never expresses its opinion directly. For this reason, even when the new telegraph and telephone corporation stocks are to be publicly offered, it will probably summon the four major securities firms to convey its general ideas and request them to draft a plan."

"Then, probably the new telegraph and telephone company will summon only the securities company that happens to be the manager of the four companies at the time, and explain its ideas a little more in detail, and ask the company to draft a plan based on the discussion. This plan will be shown to the Ministry of Posts and Telecommunications, and then it will be submitted to the Diet."

"Probably various questions will be asked in the Communications Committee and perhaps views from outside the committee will be expressed, too. Then, someone will ask for revision of the bill here and there by quoting the views of certain members of the Diet."

"I believe that members of the Diet will involve themselves in the bill in that form. The question is how the contents of revisions will be related to the rights and interests of securities companies. By that time they will know what and which members of the Diet have said. That is the scenario."

In addition to that, naturally there are ways of raising political funds by change in stock prices at the time of public offering of the stocks.

"In deciding public subscription prices, there is no room for members of the Diet to intervene. The level of selling prices for the telegraph and telephone corporation will be decided in reference to the change in prices of International Telegraph and Telephone (KDD) stocks, or conceivably in reference to stock prices of Nippon Steel since the telegraph and telephone corporation is a super giant. But it will be more than that. Stock prices will be decided in reference to several companies' stock prices. In that case, there will be a request for taking at least one company into consideration in the decision. The person who makes that request is called the listing councilor. He is an employee of the stock exchange. He is a young one

in his thirties and he is picked for his ability. He does his homework and he is sharp. Since he is replaced every 3 or 4 years, he cannot connive with the outside. He is a man of integrity and does not succumb to outside pressure. If someone requests the change of the designated securities company, he will inquire fully into the reason for it. In deciding the designated company, he is absolutely confident since he has studied vast amounts of information."

"Even if a Ministry of Finance official says something to him, he will not listen to it at all. Therefore, in deciding the selling prices, the mechanism is such that even members of the Diet cannot interject their views. This is absolute."

Even at that, if stocks become popular, their prices will rise and differences can be gained. Moreover, there is not a need for going through the market.

"Selling and buying stocks can be decided by parties concerned instead of going through the market. Therefore, it is possible to make deals without relation to the market prices. In that case, if there is need for certification to the tax office, the securities company in the middle may do the certificate of the transaction. In that case, since they do not go through the market, they can negotiate with the securities company to charge a fee, normally charged to both parties, to one party only. Since the securities company needs only to certify the transaction between parties, the fee may be one-half, and parties concerned can increase their profit that much. There are many such transactions."

Even if a transaction is between parties concerned, a securities company may mediate between them. In the securities industry they refer to it as "onna" left-hand radical cross.

"The 'onna' left-hand radical originates from the fact that the Chinese character 'bai' as in the word, 'baikai' (mediating), is composed of the left-hand radical, 'onna.' It means that the securities company mediates without going through the market."

There are reportedly quite a few members of the Diet who engage in the "onna" left-hand radical cross. They obtain stocks at prices lower than the market prices, and also they earn one-half of the fee.

Political fundraising seems frequently to take this format. There is also such a trick as a representative's secretary acting as a "member's representative" visiting a securities company and demanding stocks for graft and also just writing down a deposit receipt with the excuse that he has not brought cash with him. This may not be specifically limited to NTT. But there is no business more profitable than stocks for members of the Diet.

Tanaka Faction Granted Rights and Interests to IBM?

Permits, approvals, mediations and stocks are probably the sources of rights and interests. Just because the examples mentioned are those of the Ministry

of Posts and Telecommunications faction, it does not mean that they always make only such moves. Particularly in selling and buying stocks, members of the Diet hardly act in the public interest. Therefore, securities companies may guess who actively represents whom, but they cannot prove that members of the Diet themselves are involved.

Forms of rights and interests generated by the completion of a new telecommunications system will be varied. But there will be no member of the Diet clumsy enough to violate the law. The instance of Shoji Tanaka (then chairman of the Budget Committee of the House of Representatives) who was nicknamed "match pump" is an extraordinary case. In reality, regular political contributions are made.

But as a political scientist says the reporting of political contributions in accordance with the Political Fund Control Law is filed for only about one-third of the actual contributions, the actual condition of political contributions is not clear.

Since the new telegraph and telephone system is expected to generate many rights and interests, the moves of the political circles will naturally become complicated.

A political reporter related an interesting story. "At first, Nobusuke Kishi was strong in the Ministry of Posts and Telecommunications. But this was limited to his one generation, and 80 percent of the ministry personnel switched to the Tanaka faction. We do not know the true story, but there is a rumor that the Tanaka faction is trying to obtain an indulgence from Lockheed by granting rights and interests to IBM. There is information that this negotiation is making considerable progress, but this cannot be verified. It may be merely a rumor. There are many stories of this kind. Although there is a rumor that the CIA and FBI, too, are active in connection with the transfer of NTT and the Japan Monopoly Corporation to private management. But we cannot tell at all how true the rumor is. It is certain that such a rumor is spread in certain quarters."

The fact that the CIA and the FBI are mentioned may mean that such a thing may be possible. When we come to U.S.-Japanese relations, we are reminded of "Ron-Yasu," and it is quite conceivable that the Nakasone faction will make moves.

As the political reporter related as a rumor or information, it would not be possible to refute the evidence of the Lockheed case on the American side in exchange for granting rights and interests to IBM. But if something can be forged, there is a possibility that ambitions for a long- (medium?) terms Nakasone administration will be ignited. We cannot completely dismiss the rumor that the Nakasone faction will become active with NTT's turn to private management.

By the way, it was on 6 April 1984 that the cabinet made decisions on bills related to NTT reforms. One day before that Japan IBM made an important announcement. The announcement was that IBM of the United States would

directly enter into the VAN business in Japan. On 6 April the government passed the cabinet decision incorporating the Ministry of International Trade and Industry bills to liberalize completely foreign participation in the VAN business. But IBM disclosed its policy for participation 1 day prior to that. It could be thought that the Japanese Government policy was leaked to IBM.

It is difficult to judge from this whether rights and interests were given to IBM. But it reminds us again of Tanaka's words that the deliberation on NTT reform bills should be discreet. Then, when we think about the explanation advanced by a staff member of the Ministry of Posts and Telecommunications, there might have been an intimation that it might lead to revisions of the telecommunications business bills. This is how the political reporter explained the situation to me.

NTT's change to private management is probably the most important of the important bills to the Nakasone administration which has adopted administrative reforms as one of its major pillars. If that should be revised by a scheme of the progovernment party, it would mean the collapse of the Nakasone administration. That is, the Nakasone faction's moves for NTT's change to private management might be beyond the Tanaka faction's expectations.

But, the truth is not clear.

Generally speaking, affairs in political circles are full of suspicions. This is unfortunate for the people, but it may be the reality of politics.

The political reporter went on to say something more terrible.

"Let us assume that a certain character emerged at this point. We cannot reveal his name. Let us say that he was a bigwig that manipulated the political circles from behind the scene. A rumor had it that this character had worked on Kakuei Tanaka to win part of the rights and interests generated by NTT's move to private management. We digress a bit, but that character had noted a weakness of an electric power company. A certain electric power company once asked a salvage company to conduct an investigation of a hydraulic power company's dam. Do you understand why the salvage company had to dive into the dam? If it was an old dam, its concrete may have had problems. If cracks had developed in that dam, nothing could be more dangerous. It was reported that Kakuei Tanaka mediated the problem between both parties. On the strength of that incident this bigwig was reported to have pressed Mr Kakuei to give him some rights and interests involving NTT's change to private management."

This is quite a plausible story, but we do not know the truth.

According to the political reporter, "It seems plausible, and we can say that it is shrouded in deep suspicion, although he may not be like the suspect, Miura (who is suspected in connection with his wife's death in Los Angeles)."

Be that as it may, stories about new rights and interests surrounding NTT's move to private management will surface in large numbers. Moreover, these stories will never be proved and will remain deeply mysterious.

The bigwig is reported to have already submerged himself in the hunt for rights and interests involving the Ministry of Posts and Telecommunications for the past 5 to 6 years. But without surfacing, he has sunk deep into darkness.

Minister of Posts and Telecommunications' Post Will Be Controlled by the Tanaka Faction in the Future, Too

Then, the political reporter went on.

"That is right. It might be Tokusaburo Kosaka who recently has made moves to encroach on the Ministry of Posts and Telecommunications."

Representative Tokusaburo Kosaka (from the third district of Tokyo) belongs to the Tanaka faction. Since he is 86 years old, calling him a new leader is a little strange. But, it is speculated that he has not forsaken the dream of building his own faction and he is trying to build his own power by involving himself in the new telegraph and telephone system.

"As to whether Kosaka do it in competition with Kanemaru and Tanaoki, it will probably be difficult for him. But because of his training, we wonder how long he can cling to it. If he makes mistakes, that is, if he should make too many moves, he may get hurt. Yet, because of his connections with financial circles, he would be involved in a new kind of business corporation, and he would not compete against Kanemaru of the same Tanaka faction. That is what I am inclined to think. But if we assume that he is involved in rights and interests, these would naturally be connected deeply with permits and approvals. Because of this it is possible that these moves will become noticeable."

This is how a financial reporter of a daily newspaper viewed Representative Kosaka.

But another view is that instead Kosaka has been given an assignment by the Tanaka faction in its countermeasures concerning the new telegraph and telephone system. Because the Tanaka faction has many resourceful fellows, it may have adopted a viewpoint of prudence and a farsighted scheme.

Viewed in this manner, the new telegraph and telephone corporation seems to move as the Tanaka faction expects. The new telegraph and telephone corporation means a new telecommunications system.

No matter how and what factions of LDP move, who is appointed minister of posts and telecommunications at the point of time when the new system is started--this is still a big factor.

"Incumbent (Minister) Okuda (from the first district of Ishikawa) also belongs to the Tanaka faction. And for the time being, this post might be controlled



by the Tanaka faction. Before the new system is started, the election for the presidency of LDP will be held. This cannot be overlooked, either. Nakasone's reelection is generally taken for granted, as of now. But something unexpected may occur. We wonder how the Nakasone administration will act while flashing its right to dissolve the Diet. At any rate, the Tanaka faction controls the general situation in the LDP. The Tanaka faction consisting of a total of 118 members, 66 members of the House of Representatives and 52 members of the House of Councillors will continue to control the position of minister of posts and telecommunications. This is most likely an accurate estimation. Then, it may be said that the new telecommunications industry is tantamount to a creation by the Tanaka faction. But, with the power it has, the Tanaka faction may not have to insist on controlling the position of minister of posts and telecommunications. Bureaucrats are weak before politicians. When a faction like the Tanaka faction becomes a big force, it contains many former ministers such as the minister of finance. Mr Kakuei, himself, was appointed minister of posts and telecommunications when he was young. Then, he served as minister of finance about three times. Therefore, he made personal connections each time he was in a ministerial post. He was also appointed minister of international trade and industry. Moreover, with the power that the faction holds, they can win whatever ministerial posts they want. If this is true, bureaucrats feel that their positions are weakened unless they listen to what Mr Kakuei says. Bureaucrats would think that way. Even if the Nakasone faction tries to exert influence over the new telegraph and telephone system on the strength of its close relations with the United States, it cannot match the Tanaka faction by any means. But even after April 1985, the Tanaka faction will still try to control the position of minister of posts and telecommunications, and it will happen, too. This is what a reporter who covers the Ministry of Posts and Telecommunications said.

#### President Shindo Needs To Read Between Lines

Kakuei Tanaka, this character called the shadow shogun of Meiji, was appointed minister of postal administration in the first Kishi cabinet when he was 38 years old. It was on 10 July 1957. Thereafter he served as minister of finance, and minister of international trade and industry, and then general secretary of LDP. He thus gained real power. Then, on 7 July 1972 he formed the first Tanaka Cabinet, and the second Tanaka Cabinet was terminated on 4 December 1974 over his alleged financial connections.

While he was basking in enormous glories, he suddenly fell. But even though he is a criminal defendant he became frustrated, and is now an independent member of the Diet without membership of LDP, but he still reigns over the largest LDP faction, and he exerts his real influence as a kingmaker. He is an enigmatic person. He was born into a horse trader family on 4 May 1918 in a mountain village in Niigata Prefecture. He reportedly grew up in poverty. After completing the 8-year elementary school course, he came all by himself to Tokyo when he was 15 years of age. While attending night school he became independent when he was 19 years old. At the age of 25 he established a construction company. He was first elected to the House of Representatives when he was 28 years old. He was appointed minister of postal administration

at the age of 38. He was appointed minister of finance at the age of 44. His speedy rise was extraordinary.

It is well known that he is fond of naniwabushi reciting, that he is extremely capable of controlling the hearts and minds of people, and that even Ministry of Finance bureaucrats were won over in a short period of time.

When he took over administration following the Tanaka-Fukuda war, under the slogan of decisiveness and action, he proposed the major issues, the remolding of the Japanese Archipelago, and the restoration of diplomatic relations between Japan and China, and won great expectations from the people. But as a result of the advocacy for remolding the Japanese Archipelago, large-scale land speculation continued, land prices soared, and commodity prices rose, with his popularity plummeting. The approval rate of his cabinet at the time of inauguration was 62 percent. One year after that it dropped to below 30 percent.

Such a character as a shadow general controls the political circles. He has built up a large force that can be called a corps. He literally practices the philosophy, numbers are power. Tanaka dragged down Prime Minister Miki who was appointed through the mediation of Shiina after Tanaka withdrew. Tanaka drove Prime Minister Fukuda who succeeded Miki into a corner and he resigned, and he helped form the Ohira Cabinet. One may say that the power of his faction is terrifying. At the time when Suzuki was appointed prime minister following Ohira's sudden death, Tanaka fully demonstrated his power as a kingmaker. The Ohira and Suzuki Cabinets were called Tanaka's shadow cabinets. The Nakasone Cabinet has been called even a second Tanaka cabinet.

When we think of these things, it is easy to speculate on what former Prime Minister Tanaka is thinking for the 21st century concerning the telecommunications business.

It may be said that already in his advocacy for remolding the Japanese Archipelago the role of telecommunications was partly discussed. And in no way will former Prime Minister Tanaka, with strong ambitions, not think about moving these communications archipelagoes at his will.

To do this, he must win the Lockheed trial by all means and establish his innocence. At this point, therefore, it appears plausible that he is trying to gain an indulgence by selling his rights out to IBM.

But Prime Minister Nakasone cannot be burdened with the reputation that he is heading the second Tanaka Cabinet. It is natural that at this juncture he tries to occupy a superior position. Even though Nakasone is reputed to have strong influence over the Defense Agency, it is nothing compared to the arrival of the new telecommunications age. But it is entirely possible that with the support of the United States which is requesting the increased defense potential of Japan, Nakasone will take firm hold of the telecommunications business which will be a powerful political source.

As a matter of fact, it is difficult to clarify one after another what is going on behind the scene in politics. But former Minister Tanaka's

remarks that NTT reforms should be handled with discretion have a profound significance.

President Hisashi Shindo of NTT rushed to a Tanaka faction leader after hearing Tanaka's speech, and tried to inquire into the true intention of the remarks. But could he have grasped it?

Before that, President Shindo requested through Prime Minister Nakasone's inner circles that LDP speak on the passing of NTT reform bills before the end of the Diet session, and this was implemented with Nakasone's speech at the government-LDP conference on 25 June.

Under such circumstances, former Prime Minister Tanaka's remarks were something that Mr Shindo could not by any means ignore.

When we look at the channel, Nakasone-administrative reforms-Toshio Doko-Shindo, the other side of the picture is that the Nakasone faction will enter into the telecommunications business. Rather than the rumored plot involving the United States, this is a much more clearly acceptable story.

Commenting on former Prime Minister Tanaka's remarks, ASAHI SHIMBUN reported, "Regulation of foreign capital in VAN which had been incorporated in the draft legislation by the Ministry of Posts and Telecommunications were withdrawn because of the opposition from the Ministry of International Trade and Industry. But the former prime minister wanted to say that the Ministry of Posts and Telecommunications bill was the best. (A staff member of the Ministry of Posts and Telecommunications) Thus the bill was settled in a somewhat self-serving way...."

It is unmistakably a self-serving solution. But if we take it as a statement reflecting the former prime minister's intention, it could be his expression that the power of the telecommunication business of the new age cannot be entrusted to persons like Nakasone. All opposition parties have made requests for revisions of the bill aimed at incorporating the ability of persons concerned in the new telegraph and telephone corporation. Then what does it mean that the statement that the Ministry of Posts and Telecommunications bill was the best? It seems that the Tanaka corps with its power may pressure for the revisions of the government bill.

It may not be reality, but the fact is it makes one think that the Tanaka corps which keeps pushing to the end the philosophy that numbers are power is uncanny.

It is natural that Mr Shindo has been flustered. For Mr Shindo, who is aiming to be the first president of the new corporation, the scene is that he is pressed to choose between Nakasone and Tanaka.

If, as in accordance with the new bill, the right to appoint officers of the new corporation rests with the minister of posts and telecommunications (until 1 April 1985 when the new corporation is expected to be inaugurated), Mr Shindo cannot very well go against the Tanaka faction. Rather he should keep seeking to impress the Tanaka faction.

On the other hand, the reality of the U.S.-Reagan-Nakasone connections cannot be ignored either, because the problem of liberalization of materials procurement of the telegraph and telephone corporation is involved.

As for Mr Shindo, he is required to have a penetrating reading of the situation. How far can he read through? If he takes wrong steps, he may have the rug pulled out from under him by Vice President Kitahara.

The new telegraph and telephone system, which has come into the limelight as the source of a huge political fund, if to avoid the derogatory expression, the piles of rights and interests, appears to intensify the factional struggle within NTT.

#### New Age Seen

Tokyo ZAIKAI TEMBO in Japanese Sep 84 pp 56-69

[Article by Ikuo Kojima: "Viewing the INS Syndrome at Mitaka on the Eve of Its Experiment"]

[Excerpt] It was in the summer of 1981 that NTT formally launched the idea of INS. Since then Vice President Kitahara spread the great idea of INS in his own writing, and extended a dream that the near future might be painted solely with the color of INS.

It so happened at that time that NTT owned a piece of land in Mitaka City, and NTT decided to build a gigantic building to house the INS experiment (completed in November 1981). Then, it was just a new media age. Mitaka was forced to become involved in the whirlpool of the gigantic INS syndrome.

Telephone inquiries from self-governing bodies in all parts of Japan swamped the Mitaka City office. Households selected as monitors for the model experiment received direct mail from banks, securities companies, department stores and trading companies. Even before the experiment began, it was almost like that "I Found the Town To Be Used as a New Media" (title of an INS fair brochure of a bookstore near Mitaka station). The word, INS, began to stand by itself.

On 20 June the "Association of Mitaka Citizens for INS" was launched. The association aimed at learning the mechanism and technology of the information society from the standpoint of the citizens. Let us listen to the view of Mr Fumio Yokoyama, one of the promoters who owns an iron works.

Citizens Should Be Able To Discern Information and Information Should Be Easy To Accept--Fumio Yokoyama, Association of Mitaka Citizens for INS

"The circumstances for the establishment of the 'Citizens Association' were that about 2 years ago we received an inquiry from NTT about an INS model city. And in response the Mitaka Chamber of Commerce and Industry decided to study INS. I was selected as a member of the chamber's countermeasures team for INS, and I began to tackle the problem of how the Chamber of Commerce and Industry should contribute to INS. At the same time, some people within the

city office began to ask what INS was all about. Thus, a strong voice was heard that the INS experiment should not be only for the business community.

"After the inquiry into the INS experiment was received, I felt something hazy in my mind. But I could not determine what it was. While talking to city Councilman Shimano, I realized that citizens who were accepting the INS experiment were late in grappling with it. Probably it may turn out to be a one-sided information deluge from the enterprise side. I began to think that a situation should be created to make it easy for citizens to accept. It is same as when one does not feel well, one is not helped even if medicine is administered without considering whether one has a cold or suffers from photochemical smog.

"The number of applicants for monitors for the INS experiment was about 2,500. Of these, 1,990 applicants were selected. The number of strictly citizen monitors is about 700. The remainder are monitors from business firms. Therefore, Mitaka will probably become an experiment for the forthcoming information society. Moreover, the term for each monitor is half a year. The experiment will last for 2½ years, for 5 terms in total. There is no horizontal connection between individual monitors. They will be through in half a year. But monitors representing business firms can experiment steadily for 2½ years. The 'Citizens Association' wants to play the role as a forum for information exchange between individual monitors.

"Recently, the problem of the sketch phone (this was most convenient for the deaf, as one could simultaneously write and watch while telephoning, but it was discovered that one could not hear the first transmitter and the device was discontinued) came to the fore. I believe that this is an indication that NTT thinks only about the hard aspect and does not place itself in the consumer's shoes. Although banks and department stores are enthusiastic, how much do we need home banking and home shopping in our daily life? Because we even have to pay to use it.

"Although the INS experiment has started on a commercial base, we like to understand all potentials and dangers before its too late, and to consolidate our individual thoughts on the system. As a first step, we like to repeat observation sessions and study sessions, and to study hard how our life will be affected. Since Mitaka has been designated as a model city, I wish that we could make contributions by using INS."

City councilman (independent) Koji Shimano has the same thought as Mr Yokoyama of the "Association of Mitaka Citizens for INS." Mr Shimano belongs to the "special committee for the investigation of and countermeasures for INS."

Citizens, Businesses, NTT Are All Tense--Koji Shimano, Member of Mitaka City Council

"How do we cope with the INS experiment from our administrative side? How can we lead citizens in a better direction? With such thought our city council launched in June a 'special committee for the investigation of and countermeasures for INS' in order to study it. As of now a plan has been



proposed to telecast live city council sessions using INS. But I have misgivings about it because such telecasts may disintegrate into grandstanding. We are still groping in the dark for practical solutions as to how we should vitalize INS.

"Now as to monitors, they can be classified into four types. The interested type, the enterprise monitor type, the INS-phobia type, and the citizen type like us who are interested in watching how high technology will affect our decisions.

"Even in the council it is the third type who are positive. That is, they are concerned with the problem of privacy. The INS society will advance in a direction of managing each and every citizen before they realize it. As a matter of fact, information providers (IP's) and NTT would know instantly who has requested what kind of information.

"Now, the situation is that to begin with, such persons who are apprehensive about INS, as well as monitors, wonder how much information is put into the character and pattern telephone access information network (CAPTAIN) and the video response system (VRS). IP's wonder how much their information will be watched. In the meantime, NTT, in between, claims that it is providing only equipment. Therefore, citizens, business firms, and NTT--all three parties may be said to be now triply tense and apprehensive.

"As for myself as an individual, I do not mind becoming a guinea pig. But I want to say a word. We are determined to inspect and verify INS."

When this reporter requested from the city office, the center of the administration side, assistance in covering the story, the answer, was blunt, "We have refused all, since there have been numerous such requests from every company," (the person in charge of INS). They certainly may be busy with other sundry matters. But would it not be proper for public employees who live on taxpayers money to respond with some words about the INS problem because the whole nation is watching Mitaka City. Incidentally, there was no booklet on INS. (I was told that one was being printed.)

Next, I listened to the response of the Mitaka Medical Association which had an early start on INS.

We Quit as an IP as It Was Costly--Kinzo Murata, Vice President of the Mitaka City Medical Association

"In April of last year NTT approached us and asked us to try INS in the medical area. We immediately started a study group. Then, we encountered several problems. For instance, the television telephone. We can diagnose an old man sick in bed or a handicapped person by listening to their symptoms by telephone and by watching the television screen. But this violates the Medical Practice Law. According to the law, diagnosis through the telephone is prohibited. A doctor must actually touch the patient for diagnosis. Even a high quality television that shows all detailed prints clearly is said to cost several million yen. If health fees can be saved on CAPTAIN, one after

another, this could be something that we should think about. NTT does not distinguish between medical knowledge and an enterprising spirit.

"To tell the truth, the medical association quit being an IP. The reason is that it is too costly. Department stores and banks may afford it, but we cannot, because we do our health programs as nonprofit. Really the administration should do it. Therefore, even though we had a good start, we are in an interim state.

"Also, businesses think that they do not mind losing money in Mitaka, because they will profit in the future if they get started in it somehow. They expect that they will have advantages some day. But, for instance, the greatest need in the cable television (CATV) experiment which the Ministry of Home Affairs held at Ikukoma, Nara, was information on health. But at this juncture, we are worried because we wonder whether people will pay for information. The Japanese people have no custom of paying for information."

Professor Tomoshi Ichinose of International Christian University (ICU) who specializes in community colleges in the United States is also one of those who points out the slowness of the Japanese in using information. What is the view of a learned person (but not as a representative of ICU)?

Information That Citizens Do Not Turn Away From Is Wanted--Tomoshi Ichinose, Professor of ICU

"In Japan, the perception is that the party who receives information does not pay for it. Even if it is an open popular lecture, it cannot be given free of charge if it becomes permanent or a series. In the United States, when television education is connected through CATV, a firm system of acquiring units of credit is established. Another thing is the relationship between the community and the college. Our university needs to disseminate admission information, but doing it in Mitaka alone does not make sense. We must disseminate it throughout the nation. The same thing can be said of children of overseas returnees and foreign students. The second thing is, what is possible within the college? For instance, if it is for the Mitaka district, we can receive town information and city office information, and then select practical teaching materials from it. Such materials may be used for research or for students' extracurricular activities. But can it replace the public announcement system (on the ICU campus the public announcement system is used for disseminating information and announcements)?

"Then, it is concerned with the utilization of the system between colleges such as between Tokyo Women's College and ICU and between Sekei University and ICU. Such a system seems to be making some moves in the Hachioji district. But information exchange between colleges is not listed as an objective in the current experiment in Mitaka. Viewed in this way, what can be done in the small area of Mitaka are open lectures and education at home as had been expected in the past. At ICU we plan to organize an INS committee on our campus, with September as the target date, to examine what can be done in Mitaka. But only if the information provider can be paid, will INS become institutionalized in society. If people turn away, INS may be frustrated. We

like to watch with a long-term perspective so that it will not end merely with shouting."

For INS to become a societal institution, people must feel that they want to pay for information. This means, on the other hand, that the information provider must offer information that is worth paying for to watch. This kind of balancing will become one of the tasks for the INS experiment in the future. The aforementioned four persons (individual monitors) were from the citizen side. We had Japan Radio, the largest enterprise in Mitaka, tell us how it would tackle the experiment from the standpoint of an enterprise monitor participating in the experiment.

#### Model Systems Within Enterprises Will Be Developed--Person in Charge of INS at Japan Radio

"We have about 20 monitors who are affiliated with our company. CAPTAIN is the main thing. All are young bachelors. NTT wants us to develop model systems within the enterprise. That is, how INS can be used within the enterprise. We hold a television conference by connecting our main office in Akasaka with Mitaka by television telephone. We use television telephones for extension telephones within the enterprise. VRS will be heavily used for training within the enterprise. If it can be done in European languages, it can be used for foreign trainees. Also, as an internal use, introducing new products may be possible. We can install the system in a reception room to introduce products to visitors. Only, in the current experiment in Mitaka, our company products are not used. We are participating in the hope that we can learn something."

As for manufacturers, they seem to lean strongly to the idea of using the system within the enterprise. For the current experiment 1,990 monitors will participate. Their main aim seems to be at measuring advantages and disadvantages of INS for enterprises themselves, rather than at providing service and information to citizens.

A certain city bank with its branch office in Kichijoji was reportedly earnestly looking for individual monitors, regardless of appearance. This was to win deposit accounts. We might say that a finance war in a distorted form has encroached into Mitaka, although the person in charge of INS at the main office of Mitsubishi Bank was harsh in his remarks by saying that it was a "finance operation in the name of INS."

#### Composite System Network Should Be Built--Person in Charge of INS at Mitsubishi Bank

"We will be riding on the INS experiment at Mitaka. To be frank, we do not have great expectations of the NTT current experiment; for the period of the experiment is short and with a limited number of terminals it will never amount to home shopping and home banking. It may not be called a network that really functions in homes. As monitors, 10 persons affiliated with our office are participating, but their term is half a year each. It is questionable how much can be gained with CAPTAIN and digital telephones alone.

"At present about 40 firms are participating in the 'AMI-INS project study group' which has been started mainly by our office and Mr Marui. We have started this group because we want to make more substantive those parts not covered by the INS experiment through the cooperation of a large number of different industries. When the new media is really used in homes, what conditions are required? This is what we would expect to be clarified through the current INS experiment in Mitaka, although its functions are limited.

"But even at that what kind of business development can a bank expect? Home banking alone is not enough. Only if other different functions are mixed and services become composite, could its ultimate value be known. That is, they want the building of a composite system network. The 'AMI-INS study group' will cover NTT's INS experiment which is inflexible in its application, and will produce answers to it.

"We feel that NTT needs to absorb trivial needs of each firm, but NTT is not equipped to do it. Nay, it is a public system and even if they want to do it they cannot. NTT claims that it has no alternative until specific responses from the private sector emerge, and it does not cope with responses from each company. For this reason we are compelled to build our own network. It would be ideal if INS could be completed through positive interactions between NTT and our study group for multiplying effects."

Although this is a detached comment that makes the fever on the part of the enterprise for the INS appear false as described by citizen monitors, this can be said to express a certain viewpoint.

Last, let us listen to the view of Director Katsuya Okimi of Mitaka Telegraph and Telephone bureau, the man in charge of the INS experiment.

I Like To Think About It When Problems Are Presented in Concrete Form--  
Katsuya Okimi, Director of Mitaka Telegraph and Telephone Bureau

"I know that we are criticized one way or another, no matter what we say, because we have a big organization. We must treat each concrete problem with sincerity and must think about it. But as a practical problem, software does not necessarily immediately follow hardware. With a long-term perspective we should develop one after another. Also, hardware may take time to develop, but we like to improve it over the time. We are often told that NTT cannot handle software for individual businesses and NTT cannot handle it by entering into an enterprise. It is certain that we have such an aspect. Only after the decision was made to begin the INS experiment in Mitaka, have I come to understand it with real feeling.

"Then, there is a strong demand that NTT should have Mitaka City and citizens fully understand the current INS experiment. For that, in spring of last year NTT recruited persons to become monitors. Over 2,000 persons applied, and out of them 1,990 applicants were chosen as monitors. We cannot respond in every aspect, but we intend to do our best within the scope of these 1,990 monitors.

"But I think that we are bothering all citizens because the INS experiment in Mitaka is making such a commotion, the city as a whole is watched with curiosity, and since this is caused entirely by NTT. I am aware of the opinion of those who are interested in the experiment. But instead of letting emotion run ahead, we can do something only when the problems become concrete and solutions are requested. In that sense we intend to continue our dialogue with those who are concerned in the future, too."

#### Activities of NTT

##### June

9 June: NTT signed a contract with ATT for the 6 billion yen purchase of the software for the total telephone communications control system (ATOMICS).

18 June: A promoters meeting was held for the establishment of a second telegraph and telephone corporation of the Ministry of Construction, and it was decided to inaugurate a foundation, the "New Road Industry Development Organization," in February 1985. Seven road-related organizations, including the Road Facilities Association, the Road Economy Research Institute, and the Expressway Survey Association will invest about 50 million yen.

19 June: Hiroshima City decided firmly to begin the building of an INS model system starting in 1985.

20 June: The "Association of Mitaka Citizens for INS" was inaugurated. This is designed to study the information technology from the citizen side. Mr Fumio Yokoyama, who owns an iron works in the city, and other persons were its promoters.

24 June: In anticipation of its change to private management NTT decided to use the real estate that it holds, about 33 million square meters of land, belonging to the telephone bureau. NTT began to study the establishment of a new corporation for that purpose.

27 June: President Shindo stated at the Communications Committee of the House of Representatives, "We would like basically to review local telephone charges in the fall of 1986."

29 June: Vice President Moriyama of Kyoto Ceramics announced that it would like to increase the capital of the proposed second telegraph and telephone corporation to 5 billion yen from 1.6 billion yen before the end of 1984.

Late June: It was unofficially decided that Deputy Director Hideo Kaneshiro of the Radio Wave Laboratory of the Ministry of Posts and Telecommunications (who retired as of 1 July), and director of the Shikoku Postal Administration Audit Bureau Hajime Nakayama (who was transferred to NTT's secretariat as of 1 July) would join the planning corporation for a second telegraph and telephone corporation as vice-president.



July

2 July: Chairman Ishibashi and other Socialist Party members of the Diet inspected NTT offices in Mitaka and the Musashino Telecommunications Laboratory. From NTT, President Hisashi Shindo and Chairman Akira Yamagishi of the All Japan Telecommunications Workers Union greeted the visitors.

2 July: The Ministry of Construction inaugurated a foundation called the "New Road Industry Development Organization" (president, Shohachi Hanai, vice president of the Japan Federation of Employers Association), as a matrix for promoting the establishment of a second telegraph and telephone corporation.

3 July: Minister of Posts and Telecommunications Okuda announced his view that unifying second telegraph and telephone companies into one corporation to form a two corporations system with the new telegraph and telephone corporation would be desirable.

4 July: President Shindo stated at the Communications Committee of the House of Representatives, "The new telegraph and telephone corporation would not have a particular main bank."

6 July: The Communications Committee of the House of Representatives held public hearings on the three telegraph and telephone related bills to solicit the views of six witnesses.

6 July: The Socialist Party completed original plans for negotiations for the revision of the three telegraph and telephone related bills. One of the main points was the expansion of the ability of employees as was proposed by the All Japan Telecommunications Workers Union.

6 July: NTT made it clear that telephone circuits with the second telegraph and telephone corporation would most likely be "equal accesses" connected to the second telegraph and telephone corporation by dialing the company number.

6 July: In an interview with a reporter from this journal, President Shindo denied the raising of local telephone charges, saying, "I have never said a word about raising local telephone charges. Newspapers reported it arbitrarily."

9 July: President Inayama of the Federation of Economic Organizations announced ideas on unifying second telegraph and telephone corporations.

9 July: It became clear that the Matsushita group, the Ministry of Construction and the Japan Highway Public Corporation would participate in the second telegraph and telephone corporation.

10 July: Chairman Daisuke Kobayashi (president of Fumitsu) of the Information and Communications Committee of the Federation of Economic Organizations clearly indicated his forecast that concrete work for unifying second telegraph and telephone corporations would begin as early as in August.

On 6 July we asked President Shindo about the experiment in Mitaka. "It appears that everyone has made progress in studying the experiment and their thinking is firmly grounded. If they can use it effectively, even after the experiment is completed in 2 1/2 years, we will let optic fiber cables remain. Just because NTT is government-operated, it would be embarrassing if people thought that everything could be paid with tax money. That is taking advantage."

NTT has supplied equipment. The rest is up to how monitors and information providers are used. NTT has expectations all the way on the self-reliant spirit of Mitaka citizens.

In anticipation of the day that the experiment will begin on 28 September, there certainly is a heightened interest in INS in Mitaka. But it is also a fact that several problems have been exposed at this juncture, too. "Legal barriers to the new media" (NIHON KEIZAI SHIMBUN 5 July), "Only enterprises running ahead" (MAINICHI SHIMBUN 19 June), "Privacy is endangered" (ASAHI SHIMBUN evening edition of 21 June). These are some of the many problems that must be solved. But the general opinion of those who are concerned is, "We will not know until the experiment begins." (Vice President Murata of the Mitaka Medical Association). We like to watch future moves.

#### Personal Connections Map Formed by 15 NTT Officers Dispatched to the Private Sector (Part for Listed Electric Wire Makers)

Up to now the electric wire industry has promoted the development of new domestic and overseas demand by using as main pillars large public works related consumers such as electric power companies and NTT. But because the demand of the electric power industry has been generally met, and NTT has revolutionized materials for communication systems, the industry is facing a crisis of declining demand for traditional products.

The communication cable business which was once regarded as a high value added product industry, with the exception of optic fiber cable, has been driven into a situation where it will not be able to survive because NTT has been advancing its INS plans. For this reason each has turned to concentrate on the optic fiber cable business and on the development of overseas markets. As a means of securing personnel who can handle these and of following the moves of the drastically changing NTT, each company has begun to scout for personnel from NTT. And the trend is that the fields in charge are increasing personnel with new technology experience with overseas business experience.

#### Fallen Electric Wire Demand for Communications

The demand for electric wire for 1985 as computed by the Japan Electric Wire Industry Association is a total of 966,000 tons. This is about a 1.4 percent increase compared to 940,000 tons for 1981. During the past 5 years the demand has continued to drop or level off. Of this, communication cables and exports have drastically changed in terms of component ratio. The demand for

communications cables was decreased almost one-half to 47,000 tons for 1985 from 77,300 tons for 1981, and its share in the total demand declined from 8.2 percent to 4.9 percent.

In contrast, exports increased by 137,900 tons to 182,000 tons, and their composite ratio rose from 14.7 percent to 18.8 percent.

The demand for electric wire for communications which was as strong as the demand for electric wire for electric power dropped to less than one-half of that for electric power in 1985. Furthermore, this trend is expected to be accelerated. In 1990, 5 years from now, the demand for electric wire for communications is forecast to be 35,000 tons, or about one-fourth the demand for electric wire for electric power for the same year, which is estimated to be 120,000 tons. It is said that the electric power industry has generally satisfied the domestic demand for both distribution and transmission wire, and it has entered a period of stable demand at the 100,000 to 120,000 ton level per year. Since the demand for communication cable is compared with this, one can glimpse what unreliable moves it is making.

It is well known that the largest consumer of communication cables is NTT.

The electric wire business has electric machinery, construction and electric retailers as its consumers in the private sector. The volume of the demand is already set at 245,000 tons (for 1985). When both are combined, the volume covers more than 50 percent of the total. But since there are an extremely large number of consumers, its business efficiency is necessarily low, compared to such large consumers as electric power companies and NTT. To that extent the decline in the demand for communication cables and the reduction in the amount of NTT's wire materials purchases have become factors pressuring the management of each company both in terms of sales and profit. Each company is pressed to devise countermeasures.

#### Changing NTT's Basic Strategy for Transmission Routes

NTT places orders with the construction account budget for the procurement of wire materials, equipment and other materials. The amount of construction investment changed from 1.64 trillion yen for 1979 to 1.71 trillion yen for 1980, to 1.72 trillion yen for 1981, to 1.61 trillion yen for 1983, and 1.71 trillion yen for 1984. Thus, generally the amount has been leveling off over these years. The fact that the demand for communication cables has declined indicates a drastic shift in NTT's basic strategy on transmission routes. That is to say, NTT has shifted the center of its policy to the renovation of facilities with an emphasis on a new material glass fiber, for wired telecommunications routes as a replacement for the copper wire of the past. Also, the shift can be seen in the construction of IS which is highlighted as a representative of the new media ge.

The optic fiber cable transmission method, which was begun to be fully commercialized in 1983, was used in 87 sections, including the trunkline between Tokyo and Osaka. Optic fiber cables will be laid in 246 sections in 1984, including sections between Tokyo and Yokohama, between Toyohashi and Nagoya

and between Kyoto and Osaka. Of these, service will be started in 136 sections. Among trunklines, the route running north-south in Japan and connecting with main stations between Sapporo-Tokyo-Osaka-Fukuoka will be completed by the end of 1984.

Truly, the change to optic fiber is being carried out at a high pitch. In these trunk routes massive capacity microwave transmission and coaxial transmission were used in the past. As far as the electric wire industry is concerned, this signifies that its main product market has been replaced by the new commodity called optic fiber cable.

This "material revolution" has been long predicted. NTT placed orders for communication cables together with communication equipment through negotiated contracts. NTT selected communication cable makers as designated makers and stepped up technological assistance to, and joint development with, designated makers. In this way NTT endeavored to maintain the supply of communication cables with priority amid the unstable supply and demand of copper ingots. For this reason, there developed early the awareness of community of the shared destiny between the NTT designated makers and NTT. It became customary for designated makers to reserve positions for the reemployment of NTT employees upon their retirement. Not only officer class personnel but also personnel with the engineering and laboratory backgrounds would be transferred as engineering and researchers to electric wire makers.

#### Popular Former NTT Employees

Among officer class personnel currently with major and middle-ranking electric wire manufacturers are Executive Director Minoru Hoshi and Director Shozo Miwa of Furukawa Electric Industry; Managing Director Takashi Chino of Sumitomo Electric Industry; Executive Director Isao Murai of Fujikura Electric Wire; Managing Director Mitsuru Mutsudo of Iwainichi-Nippon Cables; Executive Director Tokusuke Imamura of Showa Electric Wire and Electric Cable; Managing Director Kazuo Goto of Tokyo Specialty Electric Wire; Vice President Ichiro Tanaka and Executive Director Nagato Niimura of Tatsuta Electric Wire; Managing Auditor Zenzo Yoshida of Daiichi Electric Industry; Executive Director Saburo Taira of Hitachi Electric Wire; Executive Director Katsuya Iwata and Managing Director Mitsutaro Yokomori of Kyosan Electric Wire; and Managing Director Toru Watanabe and Director Shigebumi Yamamoto of Oki Electric Wire.

Of these, the one with the longest record in his position is Managing Director Mitsutaro Yokomori of Kyosan Electric Wire. He joined the same company in 1963 as director of the Inspection Section of the Technology Division. It was a shift in his prime years when he was 40 years of age. It was not a so-called "descent from heaven" in one's late years to seek a second life. Instead he was an "adventurist" who wanted to test his ability in a private enterprise. In 1971 he was appointed deputy manager of Fujishiro factory, and director of the first business division in 1974. In 1979 he was appointed director, and in 1983 as managing director. Executive Director Katsuya Iwata of the same Kyosan Electric Wire was born in the same year. In contrast, Iwata joined the company in 1968 as a managing director. Yokomori has worked hard

Name	Date of birth, last school attended	Current position	Year joined, positions held after joining	Year joined NTT, main positions held	Brief remarks
Fujisawa Electric	Minoru Hosoi 8 Jun 22 Tokyo U. Second Engineering	79, executive director	76, adviser 79, director	65, joined Ministry of Communications 70, director of Kyushu Telecommunications Bureau 72, director of Data Tele- communications Bq	This company is concentrating its efforts with the new media age. In its background are such bitter experiences as the Information System Business Division which was termi- nated with the first oil crisis and the "Japan Wired Television" which was disbanded in 1978. But the technology that they are nurturing up to now is going to bloom by taking advantage of the times. This company is the only one in our country that manu- factures shape memory alloy.
	Shozo Miya 18 Aug 28 Kagoya U. Engineering	81, director	79, director of First Technology Divi- sion, Communica- tions Business Bq	53, joined NTT 77, deputy director of Tokyo Telecommuni- cations Bureau	
	Takashi Ohno 2 Aug 25 Tokyo College of Engineering	81, managing director	78, deputy director of Nigeria Communica- tions Facilities Construction Bq	49, joined Ministry of Telecommunications 76, director of Hokkaido Telecommunications Bureau	A top maker in the electric wire industry. It is attempting to rise to become a high technology enterprise with emphasis on optic related products and semiconductors. Former Executive Director Tatsuo Terasaki who joined the company in 1973 from his former position as director of Total Telecommunications Bureau is now president of Shin-Meguro Measuring Instrument since this year.
Fujisawa Electric wire	Izuo Murai 4 May 23 Tokyo U. Second Engineering	81, executive director	77, adviser 77, managing director	45, joined Ministry of Communications 74, director of Manage- ment Research Section 77, director	One of the three major companies related to NTT. Optic fiber is an important component of this company. Former Director Kozo Tori- yama who joined this company in 1973 from his former position as investigator of Techno- logy Bureau has been appointed an execu- tive director of Sanwa-Daiichi Electric Industry.
	Mitsuru Mitouo 1 Jul 23 Tokoku U. Engineering	82, managing director	73, joined 76, director 82, concurrently auditor of Nishi Communications Construction	48, joined Ministry of Communications 71, investigator of Technology Bureau	Its dependency on communication cable is high, but its business records show slug- gishness. Its fiber scope exports to the United States since March of last year are on the right track. A middle-ranking elec- tric wire maker that belongs to the Mitsubishi group.
	Kenjiro Imamura 27 Mar 23 Tokoku U. Engineering	84, executive director	76, joined 76, managing director	45, joined Ministry of Communications 84, director of Shikoku Telecommunications Bureau 78, director of Main-ten- ance Bureau	Its optic and electronics divisions are well managed and cover 30 percent of its gross sales. Its turn to high value added has advanced sales and earnings growth. Its settlement for 1983 showed that it rose to a fifth place in the industry, ahead of the Daiichi-Nippon Cables.



Company	Name	Date of birth, last school attended	Current position	Year joined, positions held after joining	Year joined NTT, main positions held	Brief remarks
Teikoku Electric Wire	Kazuo Ito	7 Jan 26 Tokyo College of Engineering	19, managing director	76, adviser 76, director	49, joined Ministry of Telecommunications 74, deputy director of Audit Bureau	A powerful maker of CRT display devices for electronic calculator terminals. It belongs to the Furukawa Electric Industry group. It is currently building in Nagasaki City a factory to produce displays for office automation equipment. Its immediate target is to expand the production capacity for displays.
Tokai Electric Wire	Ichiro Tanaka	19 Mar 20 Kyoto U. Economics	82, vice president	77, managing director	43, joined Ministry of Communications 72, director of Kinki Telecommunications Bureau	Although its delay in diversifying was pointed out, this company has established a policy for producing optic fiber with 1987 as the target. It is a middle- ranking electric wire maker and belongs to the Nippon Mining Company group. Its dependency on NTT and electric power companies is high.
Teikoku Electric Industry	Nagato Shimura	4 Jan 27 Tohoku U. Engineering	84, executive director	75, director 76, managing director	30, joined Ministry of Telecommunications 67, special investigator of Technology Bureau 73, director of Route Research Division, Ibaraki Telecommuni- cations Laboratory	
Teikoku Electric Industry	Zensu Yoshida	1 May 26 Tohoku U. Engineering	82, managing auditor	75, joined 75, director	51, joined Ministry of Telecommunications 69, director of Radiation Route Materials Research Section, Nagasaki Branch Office	It is the largest magnet wire maker. But it has now a policy for strengthening a total development system from optic fiber to systems products. Its ordinary profit at the March 1984 settlement recorded the highest.
Teikoku Electric Industry	Shunichi Taira	1 Apr 27 Tohoku U. Engineering	82, executive auditor	75, adviser 75, director 79, managing director	47, joined Ministry of Communications 64, investigator of Technology Bureau 68, deputy director of Shikoku Telecommuni- cations 73, director of Inspec- tion Division 79, investigator of Office of President	Although this company is a late starter, in the March 1983 settlement its profit was in the first place, surpassing Sumitomo Electric Industry. It was allocated the NTT family, but it showed no its pride in the past with a supplier for optic fiber material was limited to three companies led by Sumitomo Electric Industry, but in the future Sumitomo Electric Wire will join as a supplier. It targets the ordinary profit at the 10 million yen level.

[illegible]

# Outlines of Electric Wire Makers

Company	Home office	Date established	Number of employees	Capital million yen	Sales million yen (March 1984)	Total assets million yen	Main Banks
Furukawa Electric Industry	Chiyoda-ku, Tokyo	Jun 1896	7,654	25,675,000	439,694,000	381,573,000	Daiichi Kangyo, Long-term Credit, Kyowa, Yokohama, Yasuda Trust
Sumitomo Electric Industries	Higashi-ku, Osaka	Aug 1905	12,287	26,408,000	449,379,000	404,164,000	Sumitomo, Sumitomo Trust, Fuyo, Mitsubishi, Mitsubishi Trust
Fujikura Electric Wire	Shinagawa-ku, Tokyo	Mar 1904	4,030	12,318,000	159,262,000	164,435,000	Mitsui, Mitsui Trust, Tokai, Kogyo, Shizuoka
Dainichi Nippon Cable	Chiyoda-ku, Tokyo	Jun 1917	2,792	8,133,000	101,161,000	106,166,000	Mitsubishi, Mitsubishi Trust, Long-term Credit, Taiyo-Kobe, Daiichi Kangyo
Showa Electric Wire and Electric Cable	Minato-ku, Tokyo	May 1936	2,695	7,697,000	102,153,000	85,600,000	Kogyo, Kyowa, Yokohama, Mitsui, Mitsui Trust
Tokyo Specialty Electric Wire	Shinjuku-ku, Tokyo	Nov 1940	870	3,646,000	124,934,000 (Apr 83)	18,638,000	Daiwa, Daiichi Kangyo, Taiyo-Kobe, Yasoji, Fujii, Sumitomo Trust, Mitsubishi
Tatsuta Electric Wire	Higashi-ku, Osaka	Sep 1945	952	3,640,000	36,776,000	31,513,000	Daiwa, Long-term Credit, Nippon Credit, Sumitomo Trust, Mitsui
Daiichi Electric Engineering	Chiyoda-ku, Tokyo	Jul 1936	552	3,636,000	31,868,000	41,900,000	Mitsubishi, Kyowa, Taiyo-Kobe, Mitsubishi Trust, Kogyo, Tokai, Mitsui, Yokohama
Hitachi Electric Wire	Chiyoda-ku, Tokyo	Apr 1956	5,032	14,216,000	213,014,000	176,354,000	Sanwa, Daiichi Kangyo, Fujii, Juyo, Kogyo
Kyosan Electric Wire	Kita-ku, Tokyo	Nov 1939	180	500	6,351,000	4,084,000	Mitsui Trust, Tokyo Trust, Sanwa, Juyo, Daiichi Kangyo, Fujii
Waki Electric Wire	Nakahara-ku, Kawasaki	Jul 1936	551	1,909,000	15,075,000	14,973,000	Fujii, Yasuda Trust, Long-term Credit

making his way up through the ranks. He enjoys immense support within the company.

The person with the next longest career is Managing Director Toru Watanabe of Oki Electric Wire. He joined the company in 1967 as a director and was appointed managing director after 5 years in 1972. At NTT he was director of Ishikawa Telecommunications Division, and investigator of the Technology Bureau, and then was shifted to Oki Electric Wire. Oki Electric Wire appears to be a specialist in communication cables, and it is also known as a subsidiary of Oki Electric Industry. It aims at expanding its business in domestic cables for electronics equipment along with NTT. Although it had to fight a bitter battle for the development of fiber cables among major makers, because it failed to become a member of a joint development group of NTT, it advanced ahead of others in fiber communication cables and optic cable products for measuring instruments for domestic uses developed with its original technology. It established its unique technology in optic connectors. Watanabe worked hard for this as a team with director Shigebumi Yamamoto, an NTT old boy. Watanabe has been at the frontline of this company as a director, and he is popular internally as an old hand among officers.

Besides these, Managing Director Mitsuru Mutsudo of Dainichi-Nippon Cables who joined the company in 1973, Managing Director Nagato Niimura of Tatsuta Electric Wire who joined the company in 1975, and Executive Director Saburo Taira of Hitachi Electric Wire are some of many veterans who have been in the industry for more than 10 years. In contrast, for the past 6 years since Director Shozo Miwa joined Furukawa Electric Industry in 1979 there has been no major dispatch of personnel from NTT.

#### Business Situation of the Electric Wire Industry Must Be Faced

In this aspect a big difference from the electric machinery industry, which is a member of the same NTT family, is evident.

In many cases the electric wire industry handles both electric power cables and communication cables. For this reason, when the same industry accepts major "descents from heaven" as from consumer companies and makes them pipelines for technology and business, in many cases it has maintained a balance of accepting transfers from both NTT and electric power companies. Because of this, even in the same enterprises four groups of personnel connections, the electric power companies old boys group, the NTT old boys group, the group consisting of officers dispatched by the same parent companies, and the career group, are formed. Thus these groups practice mutual restraint, and particularly when the transaction amount drastically changes, to that extent they are subject to strong criticism.

NTT old boys who try to transfer themselves to the electric wire industry must be ready to face such situations in business at the companies that they want to join. This means that "they will certainly have more problems" (an NTT old boy) in the electric wire industry compared to the communication equipment industry, another member of the same NTT family where NTT is the only major consumer, and transferees from NTT need only attempt to be harmonious with career employees.

This is evident also in the last positions held at NTT. While former directors for general affairs at NTT are found even among middle-ranking makers in the communication equipment industry, NTT old boys with such former positions are rarely found in the electric wire industry.

With the exception of Vice President Tanaka of Tatsuta Electric Wire, NTT old boys are appointed executive directors and managing directors. This is the other side of the priority in the strategy to the electric power companies and parent companies for the top positions.

During these past 6 years NTT has hardly increased the amount of its investment in construction. Moreover, its orders for communication cables have continuously declined. The optic fiber cable market, which is highly expected as a new cable demand, still remains on a small scale.

In such a situation, even if personnel switches are planned, there is "apprehension" in the electric wire industry which receives such personnel and in NTT which dispatches such personnel.

Moreover, because of the open-door policy adopted by President Hisashi Shindo, the past NTT family system is nearing its collapse. "To develop manufacturing technology of optic fiber cables major manufacturers have each made over 10 billion yen of prior investment in research and development, including joint research with NTT. In spite of such pioneering in technology, partly because fiber itself is a chemical material, it is a fact that the optic fiber cable industry has become a field in which general chemical fiber makers, in addition to the electric wire industry traditionally based on copper and nonferrous metals, can fully participate," (Furukawa Electric Industry, Fujikura Electric Wire and all other companies spokesmen). The shift from negotiated contracts to free competition is linked to the acceleration of such new participation. Then, it will become more and more necessary to review the positions of NTT and the industry.

Some industry people go so far as to say, "From now on we will give preferential treatment to those personnel who are needed in the development of long-term business. Titles alone do not relate to work." The recent sudden and violent change in the situation seems to be the source of bewilderment for NTT old boys.

#### More Intensified Orientation Toward Specialists

The orientation toward specialists has quite clearly already been disclosed in winning NTT old boys to the electric wire industry.

For instance, Executive Director Minoru Hukawa of Furukawa Electric Industry as director of the Data Communications Headquarters at NTT largely expanded the current base and foundation for digital communications service. As Furukawa Electric Industry was interested in expanding the information fields against INS and new media equipment, its management group looked for Hukawa as a qualified person who could accurately visualize such future trends and translate them into business.



Employees with the so-called engineering background cover even now more than 70 percent of NTT transferees. They are indispensable to each company as the brains to cope with the future change in the commodity structure. The needs in the communication fields are not limited to NTT. These will be expanded to the ideas of the "second telegraph and telephone corporation," and of the local area network (LAN). And these will be expanded even to enterprises and organizations that attempt to win new business from NTT's monopolistic business such as CATV and VAN through the revision of the public telecommunications law, including JNR, the Ministry of Construction, electric power companies and electric train companies.

In other words, communication-related technologies which have been monopolized by NTT and the NTT family will be dispersed in both communication service management and manufacturing to enter a new stage. In anticipation of this new age the electric wire industry has already begun to turn its attention to researchers and employees in charge of technology at NTT as a means of securing optic communications technicians.

Another aspect is related to overseas marketing specialists. For the construction of communications cables at home NTT is equipped with adequate staff members and NTT carries it out by itself, from design to maintenance. For this reason, makers only supply equipment and materials to NTT and cannot do other businesses. But in overseas markets in almost all cases manufacturers supply on a turnkey basis, including feasibility study to begin with, network design in some cases, lines and office installation, including switching machines, installation projects and consulting. Our makers are latecomers in such turnkey operations, compared to the United States. Moreover, they need the cooperation of the communications business entities as with the system management knowhow such as NTT. Such qualified personnel are few in number, and in reality one cannot find qualified persons outside.

One good example is the reason for Managing Director Takashi Chino of Sumitomo Electric Industry joining the company. When he was serving as director of Hokkaido Telecommunications Bureau in 1978, he was persuaded to join Sumitomo Electric Industry and was appointed deputy director of the facilities for the Nigeria communications project which had been already contracted and was under way. At the same time, he became an officer as a director. After the completion of the project, he was promoted in 1981 to managing director. He was able to make use of his technology and his experience and knowhow which he had gathered while he was serving as director of Hokkaido Telecommunications Bureau for command and negotiations in the field.

As far as we can observe, the electric wire industry will have its past connections with NTT continuously diluted. On the other hand, its attention to NTT personnel as a means of coping with the new age is not diminished. It is approaching the principle of individual ability, that is, "only those who are qualified as businessmen can succeed," (NTT old boy). Now the electric wire industry appears to be following such a principle, and the spoiling of the "family" era has disappeared on both the sending side and the receiving side.

10372

CSO: 4105/278

END

**END OF**

**FICHE**

**DATE FILMED**

21 Nov 1984